Innovation Partnership Zone Program

2014 Biennial Report

November 2014
Report to the Legislature
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Acknowledgements

Washington State Department of Commerce

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For people with disabilities, this report is available on request in other formats. To submit a request, please call 360-725-4000 (TTY 360-586-0772).
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Executive Summary

Overview

The Washington State Department of Commerce (Commerce) is mandated by the Legislature to report biennially on Innovation Partnership Zones (IPZs) (RCW 43.330.270). The purpose of this report is to provide an overview of funding sources, incentives, and major activities, partnerships, and performance measures as well as outcomes achieved since the 2012 report, both in summary form and more in-depth through the inclusion of individual IPZ reports.

An IPZ is an economic development partnership that involves some or all of the following: educational institutions, research laboratories, public economic development organizations, local governments, chambers of commerce, private companies and workforce training organizations. IPZs are focused on an existing or emerging industry sector that is of statewide importance, and each represents a specific geographic area.

During the current reporting period there were 18 IPZs statewide, an increase from 15 reporting in 2012. One of them, the South Lake Union Global Health Innovation Partnership Zone, has requested to withdraw from designation going forward.

This IPZ report explores two main issues:

- What are the value-added services and contributions an IPZ provides for regional economic development and how do these contributions vary by region-specific attributes?
- To what extent does an IPZ designation alter the behaviors of local economic development stakeholders in contrast to codifying existing activities?

Key Findings

While individual IPZs reflect the talent, assets, and entrepreneurial nature of each of their regions, there are some similarities statewide.

- Most of the IPZs operate on shoestring budgets, either funded through in-kind donations or through funding provided by local municipalities, private firms or state or federal funds, often secured through grants.
- Geography and funding continue to influence the business plans and self-assessments of the IPZs as a whole. Urban IPZs tend to focus on partnerships, branding IPZs as an economic development tool, media coverage, and program metrics. In contrast, rural IPZs focus more on planning, infrastructure, recruitment, and local projects in partnership with other agencies, institutions, and organizations.
• The IPZ designation is being used increasingly as a branding strategy, in addition to its role as an economic development tool, to drive the industry cluster concept. Part of this may be due to the fact that the IPZs consider themselves underfunded and many lack staff to execute more complex initiatives that create new companies, products, and jobs.

• Based on information submitted in the reports, it is difficult to demonstrate whether IPZs affect the growth of their respective clusters or regions. The designation does, however, provide a framework for cooperation, a cohesive branding opportunity, and the potential to leverage additional investments. Given the growing emphasis on foreign investment, IPZs may also be seen as an attractive strategy for investors.

The attempt to quantify the data has been difficult, largely because each IPZ reports on its own metrics rather than standardized metrics reported by all IPZs. There is little commonality among the individual reports.

• Of those that reported jobs, 5,991 were retained jobs during the reporting period and 762 were new jobs. Because these numbers are not audited and because all IPZs did not report retained or new jobs, it’s difficult if not impossible to extrapolate the effectiveness of IPZs as a job creation tool.

• IPZs did not report new patents for 2014. While this report could post overall patents in industry clusters associated with each IPZ, as was done in the 2012 report, there is no clear method to connect a specific patent with a role played by an IPZ. Only one IPZ, Auburn, reported patent numbers (7) attributable specifically to an IPZ’s economic development efforts.

**Suggested Program Improvements**

Following is a summary of suggestions for improving the IPZ strategy for the state. These were culled in part through the reports submitted by each IPZ and information gleaned through regular interaction by Commerce with the IPZs.

• **Offer tax incentives** – The ability to offer incentives to key sectors as a tool for attracting new businesses and retaining existing ones continues to be on the IPZ’s wish list, largely as a tool to even the playing field with states that have larger funding pools to attract and retain businesses.

• **State funding** – The lack of state support continues to place restrictions on many IPZs that can’t afford to have full-time staff dedicated to growing the strategy.

• **A centralized website** – Several IPZs recommended the creation of an IPZ website that could serve as a repository of related information, activities, and best practices sharing.

• **Reduce recordkeeping** – Without funding, IPZs find it difficult to keep up to date on the myriad of recordkeeping requirements mandated by the state.
• **Improved synergies with higher education** – Greater academic participation in the IPZ concept may be possible if discounted research space or assistance with commercializing products/services could be offered.
Introduction

Program History

Historically, IPZs have served as a geographically distributed economic development strategy to foster innovation eco-systems. The goal of this model is to focus on accelerating bottom-up, organically driven collaborations to advance innovation and growth of industry clusters. It is envisioned that this strategy will stimulate the growth of regional economies by building a collective strategy and relationships between industry clusters, sources of ideas, entrepreneurs, capital providers, education organizations, infrastructure and others, both externally and internally to the region. The intent is to turbocharge the development of new technologies, marketable products, company formation, investments, exports, and job creation.

The timeframe for zone development is five to 10 years. IPZs are designed to develop long-term relationships and projects, often working with state and federal processes that could take a number of years to yield grant money and local and regional support. Additionally, projects that require permits for construction or land uses that require zoning changes take time to mature.

Commerce initially designated 11 IPZs in 2007 and distributed to them $5 million in capital grants. In 2009, Commerce designated a 12th IPZ and distributed an additional $1.5 million in capital grants. Grants were competitive and not all IPZs received state capital grant funding. A new designation and re-designation process was conducted in 2011. As part of that process, four new IPZs were designated while one IPZ did not receive re-designation, for a total of 15 IPZs. Three more were added in 2013, bringing the total number to 18 statewide. In 2012, six of the IPZs received $13.5 million in direct appropriations from the Legislature.

Designation criteria include:

1. Formation of a partnership consisting of some or all of the following: academic institutions, research laboratories, public economic development organizations, local governments, chambers, private companies, and workforce training organizations.
2. A specific geographic area with an existing or emerging identified industry cluster of statewide importance.
3. A strategic plan for regional cluster development.

Zone designation can occur in each odd calendar year. The IPZ program does not provide operational funding or tax incentives for the zones.
Major Characteristics of IPZs

The focus of each IPZ varies greatly, ranging from clean energy and alternative fuel creation to biotechnology and sustainable manufacturing. Regardless of focus, they are all engaged in research and development at the regional level, working with local partners in the private sector as well as educational institutions to drive innovation.

The funding models vary greatly as well. Many of the IPZs are not funded by local, state, and federal governments, relying primarily on in-kind donations and the services of staff in other agencies or collaborating organizations to provide the required support. Boards are in place for many of the IPZs, and many of the IPZs are conducting economic development work originally performed by other entities.
Appendix A: Innovation Partnership Zone Map
Appendix B: Innovation Partnership Zone Individual Reports
Urban Center of Innovative Partnerships – Auburn

Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
IPZ Name: Urban Center of Innovative Partnerships – Auburn IPZ # 15
Zone Administrator: Douglas Lein
Address: 25 West Main St., Auburn, WA  98001
Phone: 253.804.3101
E-mail: dlein@auburnwa.gov

Designation Year: 2012

Partners:
Washington State University
Green River Community College
Auburn School District
Auburn Area Chamber of Commerce
Forest Concepts
CenturyLink
Parametrix
Old Castle Precast
World CNG
1. What are the objectives of your Innovation Partnership Zone?

An Economic Development Model where innovation and research based sustainable redevelopment and adaptions of warehouse districts will encourage mixed-use, market-affordable technology clusters. The program optimizes sustainable redevelopment with a multiphase implementation creating higher wage / industry attraction through the re-imagination of public/private business improvements and infrastructure resources in collaboration with instructional and private research. Utilizing dynamic facilitation of partnerships, the IPZ will build on its existing industry clusters; Ecosystems, Aeronautics, Construction Technologies and Green Technologies. Initially within Ecosystem & Rainwater Management through the introduction of research and workforce development activities and will generate new businesses and products. The City of Auburn “Urban Center for Innovative Partnerships” will improve our jobs market and create market affordable districts for new and existing business clusters to flourish.

2. What tax incentives or other support have you obtained from public sector sources?

IPZ Commerce Grant in the amount of $12,500

Purpose:
This performance based grant is for activities designed to further regional cluster growth and to integrate sector-based strategies with its support for the development of Innovation Partnership Zones (IPZ).

Activities to be accomplished:
This grant will be used to facilitate activities and advancement between our IPZ industry clusters and committees to identify strategic opportunities for potential sharing of resources and further market growth.

Deliverables:
A communication strategy to bring our IPZ partners together and further the mission and business plan of our Urban Center for Innovative Partnerships.
3. What major activities have you completed or achieved since your IPZ designation?

IPZ Mayor’s Task Force Established:
The IPZ -Advisory Board consist of members of the following categories:
2 members City of Auburn, City Council
1 member Auburn Area Chamber of Commerce
1 member Washington State University
1 member Green River Community College
1 member Auburn School District
1 member Economic Development Council of Seattle and King County
1 member King County Executive or Representative
1 member Private Sector, Ecosystems & Rainwater Management
1 member Private Sector, Aeronautic Technologies
1 member Private Sector, Construction Technologies & Materials
1 member Private Sector, Green Technologies
1 member Private Sector, Alternative Energy/Green Technologies

IPZ Training District Feasibility Study Completed:
The Urban Center for Innovation Partnerships, a State-designated Innovation Partnership Zone (IPZ), is proposing the development of an Auburn Advanced Skills and Technology Center within the city limits. These efforts represent a collaborative approach to build skills in the local workforce, with direct involvement from industry, community colleges, and other local stakeholders. The proposal entails the creation of a shared training facility that will directly address the capacity constraints that have become increasingly acute for community colleges and other technical and vocational training programs. Situated within the boundaries of the Auburn Innovation Partnership Zone, the proposal center will be uniquely positioned to respond to local manufacturing skill needs, to provide collaborative spaces for training, and to facilitate a symbiotic relationship between industry and training programs that effectively and fluidly communicate industry skill demands.

Cloud-Based Website Development Completed:
The development of a cloud-based website has been developed for the ongoing operations of the Auburn IPZ. The site has been built with the capability to expand as the site for all IPZs state wide. The site allows the user to access all research date within WSU's data network, all job training programs offered by Green River College, and a supply chain searchable database for all companies within our boundary.

Cluster Data Base Development:
Cluster development and interaction is hosted on our website for the easy access by all companies and the public.
Education and Business Assistance
A library of online videos on a number of subjects has been developed from educational meetings on import/export, banking, starting a business and business plans and occupational health issues.

3No Networking:
A casual weekly get together set aside for members of the business community to drop in and get to know each other. It’s a wide open forum designed to cultivate interaction and networking opportunities for Auburn businesses and interested citizens. There is no agenda, no set purpose and no membership dues, that’s why we call it 3No Networking. The series is made possible by a partnership between The Urban Center of Innovative Partnerships IPZ #15 Auburn, the City of Auburn Office of Economic Development, Auburn Area Chamber of Commerce and the Auburn Downtown Association.

State Wide Administrator Committee Formed:
Auburn IPZ Administrator is the founding and chair of the Washington State IPZ Administrators committee. The group’s goal is all IPZ’s will work together and develop one voice for all with the hope a world class innovation network will grow.

4. What are your performance measures?
   a. Number of trained workers added to state workforce as a result of training provided within IPZ
   b. Number of potential business sites added (commercial and industrial building developed, redeveloped or newly occupied) attributable to IPZ innovation, research, and commercial application
   c. Number and type of other assets developed (to retain, grow and attract business)
   d. Dollar value of infrastructure and other investments completed
   e. Evidence of commercialization of IPZ research (licenses, patents, trademarks, etc.)
   f. Descriptions of research being conducted within the IPZ and potential commercial applications
   g. The IPZ will track private sector investment and will provide information as to how that investment is leveraged for the benefit of the IPZ mission and its stakeholders
   h. Other reasonable performance criteria that may be developed by Commerce.
5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?
   a. Private investment: $61 million
   b. Jobs retained: 475
   c. New jobs: 575
   d. Redevelopment of warehouse: 950,000 sq. Ft.
   e. Direct jobs trained by partners: 450
   f. Patent granted to companies: 7

6. What funds are received by the IPZ from all sources?

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<th>FY 15</th>
<th>Total</th>
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<td>Total Budget</td>
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Additional notes
We need funding to maintain and further develop our website with a cloud platform so all IPZ members can have seamless access to research partners state wide. Because of the lack of funding, we have had to shut down our cloud site.

We are in need to develop incentives for companies to invest in research and development activities; B & O tax credits could be one way to increase research. The City of Auburn has developed a sales tax refund policy for new or redevelopment of an exciting asset as a current incentive.

An overall funding plan for the IPZ program state wide needs to be developed for the upcoming state budget.
Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Port of Bellingham: Waterfront Innovation Zone

Partners:
Port of Bellingham
Western Washington University
Bellingham Technical College
City of Bellingham
A variety of private sector partners supporting WWU applied research projects. ITEK Energy currently active partner within the IPZ

1. What are the objectives of your Innovation Partnership Zone?

The Waterfront Innovation Zone includes over 200 acres of redevelop-able property in the Bellingham Waterfront District that will transition from underutilized heavy industrial land to a vibrant mixed-use neighborhood to support a range of economic activity from traditional marine industry to new global enterprises of the future. The Port constructed the Technology Development Center (TDC) in the zone to support a convergence of technology innovation and workforce development through higher education-industry collaboration. Industry applications may include industrial design and advanced materials in areas such as clean transportation and renewable energy.

Objectives
• Attract the development of leading edge and diversified marine, transportation, renewable energy and advanced manufacturing industries to the waterfront.
• Enhance the ability of Western Washington University (WWU) to carry out research and development projects in partnership with regional technology-driven industries.
• Develop on-site training through Bellingham Technical College (BTC) to craft a workforce for the future.
• Attract federal research grants and contracts to enhance WWU’s applied research capacity.
• Target small- to medium-sized businesses utilizing state-of-the-art technologies to improve their processes and products.
• Encourage WWU and BTC to collaborate on mutual projects of interest

2. What tax incentives or other support have you obtained from public sector sources?

   The Port received a $1 million IPZ capital grant from Commerce and $500,000 in federal EDI grants toward construction of the TDC. WWU and BTC have made contributions in equipment, furnishings and operational expenses in the TDC.

3. What major activities have you completed or achieved since your IPZ designation?

   • **Planning and Development**
     Adoption of Waterfront District Sub-Area Plan by the City of Bellingham and Port of Bellingham ($1+ million). Negotiating master development agreement with Harcourt Developments for 10+ acres within the IPZ slated for redevelopment. Issued RFP for targeted industry and marketing plan for Port shipping terminal and adjacent light industrial zoned area funded by $150,000 Commerce Brownfields grant.

   • **Capital Improvements and Environmental Cleanup:**
     Site prep: deconstruction of former GP mill buildings and facilities, structural repairs to the shipping terminal ($7.4 million). MTCA environmental cleanup process for multiple sites and completion of some uplands cleanup ($16+ million).

   • **Renewable Energy Initiatives:** WWU Advanced Materials Science and Engineering Center (AMSEC) secured a $970,000 National Science Foundation grant through the SOLAR program. Work completed on campus lead to solarized window start-up. Solar collector project installed on roof of TDC to provide data collection. WWU submission of regional grant for multi-year renewable energy R&D project (not funded). Partnership with City of Bellingham on District Utility feasibility within the IPZ. Port Commission approves installation of 50kw ITEK Energy solar project. BTC was awarded a NSF Advanced Technological Education grant for $199,996 to develop an Associate transfer degree in Sustainable Energy that will transfer to WWU.

   • **Advanced Materials Initiatives:** Completion of $730,000 FTA-funded project by WWU Vehicle Research Institute constructing composite material para-transit hybrid bus prototype. Hosted New Market Design Lab tele-pharmacy camera project involving
industrial design students from WWU. Partnership with state on $70 million federal DOE Advanced Composites Center Manufacturing Institute proposal (WWU share of award to could be used in the TDC). WWU hosted visit by representatives of SGL (Moses Lake) and BMW as a result of the ACC proposal. The university’s unique Vehicle Research Institute attracted the attention of BMW.

- **Workforce Initiatives**: Housed BTC Electro-Mechanical Technology program serving 18 FTEs and 7-12 part time students each quarter. Housed BTC Fisheries & Aquaculture Sciences Program while new facility under construction. The program supported 40 students with 18 graduating and finding employment in fisheries occupations. Sponsored training program for Zodiac Aerospace (formerly Heath Tecna); 100 trainees were hired by the company. BTC recently awarded funding for 77 new student FTEs for enhanced Engineering Technology and Composites program, which will be housed in the TDC. Includes funding for composites equipment. BTC received donated manufacturing equipment from ITEK Energy to be used for the manufacturing and electro-mechanical programs in the TDC. BTC is co-applicant with four other community colleges for DOL grant for advanced manufacturing for potential award of $1.3 million.

4. **What are your performance measures?**

- Maintain at least one active lead for WWU for applied R&D activities
- Train and graduate BTC students though ongoing hosted programs
- Meet the benchmarks of the Waterfront District Master Plan and Capital Facilities Agreement
- Stimulate private investment in the initial development area within five years.

5. **What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?**

In addition to activities highlighted above,

Students involved in project work at WWU hosted at the TDC have graduated and secured employment with local and area industry, including firms such as Alpha Technologies, Zodiac Aerospace, PACCAR, Transition Composites and Pro-CNC. BTC graduates have secured employment in local industry such as ITEK Energy, the refineries, Trident Seafoods and Alpha.

Greenberry Construction and Superior Energy leased the port shipping terminal to construct an oil spill response vessel for Shell Oil. The project employment peaked at 950 workers and injected $230 million in the local economy. The Port is continuing the market the terminal for similar opportunities.
Rehabilitation of the existing ‘C’ St. barge landing and uplands is programmed to be completed by the Port. The area is utilized by the existing boatyard, its tenants and Bellingham Marine Industries, a locally established world class manufacturer of harbor and dock systems. Improvements at the C St terminal will retain 114 jobs around the boatyard and enhance local marine trades industries.

6. What funds are received by the IPZ from all sources?

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<th>Funding Sources</th>
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<th>FY 15</th>
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<td>Total Budget</td>
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Administrative support for the IPZ is provided by a portion of staff time by the Port of Bellingham.

Additional notes

Over the past two years the WWU College of Science and Engineering (CSE), supported by the Legislature, transitioned its Engineering Technology department to a fully accredited Engineering and Design degree department. This will help meet the high demand for STEM employees. The CSE hired a new dean in the summer 2014 who will continue to focus on enhancing industry relations with WWU for conducting R&D project activity in the TDC, as the transitioning is completing in the College’s programs. The prospect for increased collaboration with BTC is also enhanced through new articulation agreements with WWU initiated by the college and the strengthening of BTC’s Engineering Technology program. BTC received enhanced funding by the Legislature and the SBCTC to increase student capacity in high demand advanced manufacturing programs.
Innovation Partnership Zone Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Bothell Biomedical Manufacturing Innovation Zone, a WA State corporation.

Founding Partners:
City of Bothell
Economic Alliance Snohomish County
Economic Development Council of Seattle and King County
University of Washington Bothell
Washington Biomedical and Biotechnology Association
Washington State Department of Commerce

1. What are the objectives of your Innovation Partnership Zone?

Mission:
The Bothell Innovation Partnership Zone supports the growth of Washington State’s biomedical research, development and manufacturing industry.

Vision:
Washington State is internationally recognized for excellence in biomedical research, development and manufacturing.
Goals:
• The Bothell Innovation Partnership Zone fosters industry partnership and interaction through initiatives such as the Summit, Discovery Center, C-Level Events, Runway Incubator, industry studies and research.
• Promoting company generation through collaboration between industry and academia and the operation of the Runway Incubator.
• Monitor and measure progress and anticipate new trends through the use of Economic Impact Studies on the biomedical device industry.
• Biomedical workforce development by strengthening the alignment between education and the industry through the promotion of appropriate skill sets and experiential learning.
• Maintain the viability of the IPZ program through engaged public, private and academic leadership, relevant programs, and a sustainable business model.

2. What tax incentives or other support have you obtained from public sector sources?
1. $500,000 grant from the State for Mercury Medical Technologies – an incubator and lab space to support start-up medical device companies. The grant funds were used:
   • for tenant improvements to space provided by Lake Washington Institute of Technology (LWIT) and;
   • for machine tools for lab space at LWIT which incubator tenants can use for prototype development.

2. Office and lab space has been provided by Lake Washington Institute of Technology for Mercury Medical Technologies. The space has been provided at no-charge for three years (through 2015).

3. $300,000 for a conceptual study of the IPZ Discovery Center (DC). The DC is envisioned as the permanent home for Mercury Medical Technologies and as a meeting/gathering place in Bothell for the medical device cluster. As a first step in the development process, the study defines and assesses the need for such a facility. The study addresses programming, feasibility, space planning, costs and business plans, as well as provides conceptual drawings and site evaluations. Through a competitive Request for Proposal process, a consultant team was hired by the IPZ to perform the study. Copies of the study are on file with the Department of Commerce.

3. What major activities have you completed or achieved since your IPZ designation?
Annual Summits – since its inception, the IPZ has hosted the Washington State Biomedical Device Summit. It is an annual event and is recognized as the primary event each year focused on the issues and concerns specific to medical device. The event is held in Bothell and typically has +/- 200 registrants. A component of the summit is a showcase of new device technologies under development. The summit is the primary source of non-grant revenue for the IPZ.
Quarterly CEO Roundtables – the IPZ hosts four roundtable lunches each year to provide a forum for device executives. They are casual events at which the executives share experiences and learn from each other. Attendees are typically from start-up or small new-to-market firms; some attendees are serial entrepreneurs.

Mercury Medical Technologies – the IPZ created this business incubator in 2012 to support start-up medical device firms. Mercury is physically located in Kirkland, on the campus of Lake Washington Institute of Technology. It provides office space, support services, lab/bench space and a machine shop dedicated to the incubator. Client companies pay monthly rent based on the amount of space used by the firm and pay for products produced at the shop. The incubator has capacity for +/- four tenants; we had three earlier in this calendar year but presently have two.

4. What are your performance measures?

One Summit per year
Four CEO Roundtables per year
Operate Mercury Medical Technologies at full capacity for office clients.

5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?

Six successful annual Summits – 2015 summit scheduled for September.
Continuous quarterly CEO roundtables during FY 13 and FY 14.
Creation and operation of Mercury Medical Technologies with clients since Oct. 2013.

6. What funds are received by the IPZ from all sources?

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Additional notes

1 - Forecast
2 – Net revenue from annual device summits; registrations and sponsorships.
3 – Half of the $500,000 Mercury grant was received in FY 14. To this is added the $300,000 grant for the Discovery Center.
North Olympic Peninsula Innovation Partnership Zone

Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
North Olympic Peninsula Innovation Partnership Zone

Partners:
Pacific Northwest National Laboratory (PNNL)
Peninsula College
Port of Port Angeles
Clallam County Economic Development Council

1. What are the objectives of your Innovation Partnership Zone?
The mission of the North Olympic Peninsula Innovation Partnership is to deploy its signature capabilities in coastal environmental research and development, industrial recruitment, economic development, and workforce education to deliver to the region new research, development, manufacturing, and operations opportunities supporting a domestic ocean renewable energy industry in the region’s coastal environments. The objectives for the IPZ are to build a regional nexus of business addressing ocean energy research, technology engineering and development, and maritime deployment, operations, and maintenance that will deliver sustainable renewable energy from this region’s coastal resources.

2. What tax incentives or other support have you obtained from public sector sources?
PNNL received a $5M grant from the US Department of Energy to support fabrication and deployment of sea-going buoys containing LIDAR systems for characterizing offshore winds to support deployments nationwide of new offshore wind power farms. One of the first offshore
wind installations will be 15 miles offshore of Coos Bay Oregon lead by Principle Power, Inc., a Seattle-based developer of offshore wind technologies for use in deep water (> 40 meters depth). PNNL is also the recipient of a $500K award from US DOE to address environmental barriers associated with that deployment in Coos Bay.

PNNL has also been the recipient of over $1M in US DOE funds to support development of Washington State’s first tidal turbine deployment: the Admiralty Inlet project of Snohomish Public Utility District.

3. What major activities have you completed or achieved since your IPZ designation?

PNNL has continued to work with federal and state agencies and stakeholders in Washington and Oregon to develop Marine Spatial Planning for both states that identifies areas where ocean energy development could be both economically feasible and minimize conflicts with existing uses, listed species, and view sheds. The NOP IPZ partners worked with a number of regional businesses to develop the Olympic Composites Corridor and marketed this at venues in North America and Europe. The Partnership was also engaged in a recent major proposal for the Clean Energy Manufacturing Initiative (CEMI) to the US Department of Energy, along with partners from across Washington and the West Coast. The consortium would develop the Advanced Composite Center, Manufacturing Initiative (ACMI) that would dramatically change the nature of composites manufacturing and recycling for efficient transport and renewable energy development. If successful, a composites recycling technology center will be established in Port Angeles. Finally, PNNL has been working with the Port of Port Angeles to establish an ocean energy technologies field test site in Sequim Bay, in partnership with the University of Washington’s Northwest National Marine Renewable Energy Center.

4. What are your performance measures?

Specific actions and performance are listed below:

1. **Build the strategic ocean renewable energy roadmap for Western Washington** – completed a regional resource and asset assessment for Washington.

2. **Assist with policy analysis and development that favors domestic production of renewable energy** – completed analysis and report for the US Department of Energy on Barriers to West Coast Wind that included policy as well as economic barriers and suggested actions.

3. **Establish and support strategic workshops and forums for regional ocean energy development** – coordinated a regional conference on ocean renewable energy bringing roughly 200 people representing stakeholders, regulatory authorities, developers, and utility districts together.

4. **Establish northwest deepwater wind energy center of excellence** – Established PNNL as lead laboratory delivering the science basis for deepwater wind development.

5. **Support expansion of Northwest National Marine Renewable Energy Center to deliver full-scale device and system testing for tidal energy** – worked successfully with UW to expand their ability to conduct testing for tidal devices.
6. **Establish intermediate scale tidal device and monitoring systems test facility** – Successful on joint proposal with UW to establish facility at Sequim Bay; received investment funds from PNNL to provide infrastructure to support testing in Sequim Bay.

7. **Expand ocean renewables R&D** – Expanded the pipeline of funds going to the region that support renewables R&D, including over $7M for new programs in algal biofuels and offshore wind.

8. **Support grid-scale ocean renewable energy developers throughout the region** – Provided critical studies supporting Snohomish PUD Admiralty Inlet project that addressed questions regarding potential risk to Southern Resident Killer Whales – cited by SNOPUD PM as critical milestone supporting their receipt of FERC permit this year. PNNL has been providing critical support to Principle Power to engage the stakeholder and regulatory community to advance environmental permitting and studies associated with the offshore wind deployment planned in Coos Bay, OR.

9. **Engage and assist Tribal Nations and other communities in developing community-scale renewable energy projects throughout the region** – provided information to Makah and other small-scale developers on wave power and small/community wind technologies and funding opportunities.

10. **Advocate and support renewables grid integration and grid expansion to accommodate the western renewables grid of the future** – PNNL conducted smart grid assessments for WA Department of Commerce under the NW Smart Grid Demo project. Also supported US Department of Energy in their Renewables Integration Strategy. Port has been advocating for WA state on engaging the Energy Imbalance Market initiative to ensure dynamic transfer is allowed for, in order to re-open the access to the renewables market in CA.

11. **Recruit device developers to build and test systems in Washington waters, and ultimately site manufacturing and R&D facilities in region** – Worked with FreeFlow Power to bring instream generating device to Sequim for testing; partnered with Intellicheck-MobilISA to develop and install new wireless network covering Sequim Bay to support in-water testing. The DOE grant for LIDAR buoy systems will involve deployment of the systems for testing and calibration by PNNL in Sequim Bay and off the Dungeness Spit. These buoy systems have the potential to support offshore wind, wave and tidal resource assessments, as well as environmental studies. The partnerships created through the ACCMI provided additional opportunities to engage with industries looking to locate or expand manufacturing operations. The establishment of the composites recycling technology center in Port Angeles will enable commercially competitive re-use of composite waste (such as decommissioned wind turbine blades) into feedstock for new products to be manufactured by new spin-off businesses.

12. **Recruit site developers and operations support organizations to the region** – Engaged manufacturers and developers nationally and internationally as targets for moving
operations to the Olympic Composites Corridor and the Port of Port Angeles. Key contacts have been developed by participation of PNNL and Port of Port Angeles staff in US and European trade shows and conferences including: JEC Composites in Paris, UK/Ireland Trade Mission with Governor Gregoire with a focus on ocean energy, Farnborough Airshow in UK, Global Marine Renewable Energy Conference in Seattle, WA and Washington DC, American Wind Energy Association’s annual Offshore Wind Conference and Expo, OR Wave Energy Trust annual conference in OR, and many more.

13. Provide state of the art information to support siting, development, and sustainable operation of ocean renewable energy regionally – Supported Washington and Oregon in developing Marine Spatial Plans for offshore ocean development, including working with stakeholders to define competing use areas, PUDs to define grid connections and capacities, and state and federal agencies to assess conflicts.

14. Identify and strengthen workforce development pipelines to meet domestic ocean renewable energy deployments – Worked with regional industries to identify workforce needs supporting all forms of composites manufacturing; information was used as part of Peninsula College’s continuous improvement process for their workforce education curriculum. A major component of the ACCMI proposal is workforce training and development in support of advanced manufacturing for clean energy. The groundwork was laid for partnerships in composite manufacturing workforce development with numerous Universities and Community Colleges through organizations such as the Centers of Excellence.

5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?

The IPZ has added approximately 15 direct jobs to the North Olympic Peninsula region within the renewables R&D sector alone.

6. What funds are received by the IPZ from all sources?

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<th>Funding Sources</th>
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Additional notes

It is important to note that the IPZ as a distinct entity has not received ANY funds from any sources. All actions on behalf of the IPZ have been funded either by in-kind contributions from the partners, funding coming to one or more partners that is aligned with the outcomes for the IPZ, or other leveraged activities undertaken by the partners.
Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Grays Harbor Innovation Partnership Zone

Partners:
Port of Grays Harbor, Lead
Greater Grays Harbor, Inc.
Grays Harbor College
Pacific Mountain Workforce Development Council
SBA Small Business Development Center
Paneltech Products, Inc
Imperium Renewables
Wishkah River Distillery
Reed Composite Solutions

1. What are the objectives of your Innovation Partnership Zone?

To bring private industry and public services together to encourage research, development and commercialization of new products and incubation of small business start-ups to strengthen and grow Washington's coastal economy.

2. What tax incentives or other support have you obtained from public sector sources?

We received funding from the Washington State IPZ program and the U.S. SBA for renovation of the Coastal Innovation Zone (CIZ) ~ a 20,000 sq. ft. research, development and business incubation facility that provides shared laboratory space for companies developing and testing new products. In total, we have received $2.1 million in support, with $706,000 received from...
Washington State during the past biennium to complete the CIZ facility, and equip the shared lab space.

3. What major activities have you completed or achieved since your IPZ designation?
Completion of the 20,000 sq.ft. Coastal Innovation Zone (CIZ) research, development and business incubator, including shared laboratory space.

Attracted two tenants to the CIZ R&D facility. Both are growing and adding employment to the area.
- Number of companies using the facility: 2
- Jobs created: 15
- Patents Pending: Unknown

The Port of Grays Harbor and Satsop Business Park merged into the Port for more efficient operations and expanded growth opportunities for the community.

5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?
See above

6. What funds are received by the IPZ from all sources?

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Additional notes
The Grays Harbor Innovation Partnership Zone is based on a model driven by private sector needs. As companies identify their research, development and start-up needs, the IPZ partnership responds to help connect them with the resources they need, whether it is private or public.
Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Financial Services Innovation Partnership Zone

Partners:
The Financial Services Innovation Partnership Zone represents a partnership between the Economic Development Council of Seattle and King County, King County, the University of Washington Michael G. Foster School of Business and the Workforce Development Council of Seattle-King County.

1. What are the objectives of your Innovation Partnership Zone?
The mission of the Financial Services Innovation Partnership Zone is to foster the economic vitality, long-term growth, and global competitiveness of the Financial Services Industry in Washington State.

The objectives of the Collaborative are to grow the industry through proactive efforts of marketing and promoting the Washington State Financial Services Industry Cluster to major Financial Services capitals throughout the world and driving a targeted campaign of business expansion and recruitment activity specifically for the Financial Services Industry.

While our staffing capacity in Financial Services and with the Innovation Partnership Zone is limited, the initiative has three major target areas for its work:

1. **Branding the State as an emerging center for the Financial Services Industry.** This will include activities such as:
   a. Media relations
b. Public awareness campaign
c. Talent attraction and recruitment
d. Financial Services conferences and forums

2. **Recruiting and expanding financial services firms in the State of Washington.** This will include activities such as:
a. Aggressively targeting Financial Services firms located outside of the State and presenting options and opportunities to expand into the State
b. Working with local financial services firms and connecting them to potential customers. Implementing a sophisticated “buy local” program to utilize the services of local financial services firms and connecting local firms to resources that will help them grow

3. **Building a cohesive Financial Services Industry within the State of Washington.**
   This will include activities such as:
a. Holding one large-scale annual event for the industry
b. Creating opportunities for the Industry to partner on a more regular basis, including networking events and facilitating new partnerships

2. **What tax incentives or other support have you obtained from public sector sources?**

   The work of the Financial Services IPZ does not receive any dedicated local, state, federal (or private for that matter) funding. The EDC staffs the cluster on a limited basis through its annual budget and Business Development work.

   Washington State’s tax system features a state and local property tax with annual increases subject to statutory limitations and a Business and Occupation Tax based upon gross receipts. Other features include:
   - No corporate income tax
   - No unitary tax
   - No inventory tax
   - No personal income tax
   - No tax on interest, dividends or capital gains
   - No sales or use tax on machinery and equipment used in manufacturing operations
   - A state and local property tax with annual increases subject to statutory limitations
   - A business and occupation (B&O) tax which is based on gross receipts

3. **What major activities have you completed or achieved since your IPZ designation?**

   The third annual Washington State Financial Services Summit, held on October 30, 2013, brought together leaders from the financial services industry to discuss trends and share
insights into the state of the industry in Washington as well as opportunities for regional growth. The event provided attendees an opportunity to learn about the impact of current events on the industry, including topics like the local effects of the government shutdown and the debt crisis. Featured speakers include: Deanna Oppenheimer, CameoWorks, LLC; Sen. Mark Mullet, 5th Legislative District Representative; Scott Jarvis, Washington State Department of Financial Institutions; Karl Ege, Perkins Coie; Kenneth Willman, Russell Investments and Chris Mefford, Community Attributes. Over 150 industry leaders attended this event.

In preparation for the event, the EDC worked with Economist Chris Mefford of Community Attributes to update the quantitative impact analysis data from 2011 for the financial services industry in Washington. The following updated economic impact data was shared at the event:

**Overview**

The Financial Services Industry provides a significant contribution to the Washington State economy. King County is home to the largest concentration of financial services firms contributing much of the State’s economic activity in the Industry. The Industry includes private enterprises that engage in accounting, banking, credit and lending services, asset management and insurance activities as well as public sector finance agencies.

The Washington Financial Services Industry is composed of 8,500 firms that provided 131,800 jobs and generated $27 billion in revenues in 2010. Industry activity supported nearly 314,500 jobs throughout the State economy.

The Financial Services Industry also supports direct investment in Washington’s innovation economy. Strategic global funding partners, robust middle-market financing enterprises and a burgeoning venture capital community serve as the investment infrastructure that supports all stages of growth in leading industry clusters such as software, aerospace and global health.

The impacts of Washington’s Financial Services Cluster span the globe. Local asset management firms managed over $380 billion in national and international assets in 2010. Washington’s investment community is anchored by large regional institutions with strong Northwest roots, as well as the local presence of Wall Street and international enterprises.
• After 5 straight years of contraction, the trend has reversed in 2013 Q1

Washington State
Financial Services Cluster Establishments,
2008-2013*

Establishments

Source: CAI, WA DOR (2013)
*2013 data based on first quarter
REVENUES

- Estimated $30.9 billion in revenues predicted in 2013, based on Q1 performance
  - After 5 straight years of contraction, revenues grew 6.35% from 2011-2012; are projected to grow 5.8% in 2013 (current dollars)

- Trends in subsectors 2011-2012
  - Credit and Lending: +18%, Accounting: +14%, Banking +11%
  - Financial Investing: -17%
  - Real revenues (chained 2012$) declined until 2010, but revenue growth of 2.17% per 2010 to 2013* (CAGR)

Source: CAI, WA DOR (2013)
*2013 data based on first quarter
**Jobs**

- **114,400 jobs in 2013**
  - Jobs grew by 22% overall from 1995 to peak in 2008
  - Decline by a cumulative 10.6% from 2008 (recent peak) to 2011
  - Recovery underway: cumulative 4.1% growth from 2011 to 2013
  - All private subsectors saw an increase in jobs between 2011 and 2013

**Subsector trends, 2010-2013**

- Accounting + 18%, Financial Investing +5.7%
- Credit and Lending -4.15%, Government finance -6%

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**Subsector Job Trends**

**Washington State Financial Service Cluster Job Trends and Location Quotient**

*Source: WA ESD (2011)*

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2014 Innovation Partnership Zone (IPZ) Biennial Report
4. What are your performance measures?

The metrics we have used in our economic impact analyses include:

- Number of financial services establishments
- Financial services cluster revenues
- Financial services cluster jobs

As capacity and potential investment increases for our work in this cluster, we would like to focus on the following metrics/deliverables:

- Launch targeted business attraction program aimed at the Financial Services Industry
- Initiate a branding and marketing campaign for the Washington State Financial Services Industry to attract companies in target markets – industry publications – both regionally and nationally
- Retain a Business Development Manager for the industry cluster
- Visit 50-60 new business prospects annually
- Organize an annual Financial Services C Level Executive’s Familiarization tour
- Participate with regional and state partners in at least two recruitment trips to meet with executives and leaders in Financial Services Industry markets
- Sponsor and establish stronger presence at industry trade shows/conferences for recruitment of new employers
- Organize an annual recognition event for businesses to recognize exemplary Financial Services firms in the State of Washington (Annual Washington State Financial Services Summit)

5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?

In addition to the above activities, the following businesses have expanded or opened new offices in the King County area since 2012:

- Bank of the West opened its first Seattle branch in March 2014.
- BBVA Compass opened a new loan production office in Seattle in 2014 to help expand the bank beyond its Sunbelt footprint.
- In July 2014, Opes Advisors, a financial services firm with headquarters in Cupertino, California announced its plans for expansion into the Puget Sound area with a new branch in Kirkland. Total employment is projected to be almost 100 people.
- Umpqua Bank opened a new Next Generation Flagship Store in South Lake Union in March 2014.
- AssureStart, a Seattle-based technology startup that sells general liability and property insurance direct to small businesses with fewer than 25 employees, established its company headquarters in Seattle in February of 2014.
• Nitze-Stagen Capital Partners, a venture capital firm, was launched in Seattle in early 2014 to invest in sustainable products and services used in the building industry.
• Wells Fargo’s Tech Unit opened an office in Seattle in 2013 to provide banking services targeted to tech-related companies.
• In 2012, Edward Jones added about 32 advisers and offices in Western Washington, many of them in King County.
• In November of 2012, U.S. Bank opened a new 10-person office in Seattle called Ascent Private Capital Management which caters to clients with assets of $50 million and more.
• At the end of 2012, Wells Fargo announced it would be hiring 55 teller and 20 personal bankers in the Puget Sound region.
• In January 2013, Standish Management, a San Francisco-based private equity, venture capital and real estate management consulting firm, announced it would be opening a Seattle office and hiring local employees.
• KeyBank planned between 6 and 8 new branches in King County during the reporting period.
• Opus Bank opened a new location at 1411 Fourth Ave., in the former Tully’s Coffee store at the intersection of Fourth Avenue and Union Street, in the third quarter of 2013.
• Homestreet Bank opened two deposit branches at the end of last year, one in Lynnwood and the most recent one in Fremont. The company estimated they would open five loan production offices in the Puget Sound region by the end of 2013.
• Umpqua Bank also opened 15 new branches around King County in 2013.
• JPMorgan Chase planned to hire an additional 20 bankers in the Pacific Northwest in 2013, eight of which were to be in the Puget Sound region, primarily to service small business accounts.

6. What funds are received by the IPZ from all sources?

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Note: The work of the Financial Services IPZ does not receive any dedicated local, state, federal or private funding. The EDC staffs the cluster on a limited basis through its annual budget and Business Development work.
Innovation Partnership Zone (IPZ)
Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Kittitas County – Central Washington Resource Energy Collaborative

Partners:
Puget Sound Energy
Washington State University
Kittitas County Chamber of Commerce
Kittitas County Government

1. What are the objectives of your Innovation Partnership Zone?

- Recruit and develop partnership agreements that further the mission of the CWREC and include equal levels of organizational support.
- Promote the public interest within Kittitas County by seeking to create professional job growth and diversification in the local economy.
- Increase public support and partnership base through successful collaborative efforts.
- Provide access to a low cost research and development site for industry partners.
- Develop marketable intellectual and physical property relevant to contemporary resource-based energy demands.
- Provide university students with industry-relevant learning and experience opportunities.
- Provide leadership to assist public and private organizations in collaborative efforts to further capitalize and leverage the significant investment made in local energy.
production and other resource-based energy production industries for future development opportunity and growth.

- Attain funding self-sufficiency through partnership agreements, contract acquisition, legislative appropriation, and grant funding sources.

2. **What tax incentives or other support have you obtained from public sector sources?**

Kittitas County has dedicated $500,000 for appropriate Capital Projects associated with facilitating achievement of self-sufficiency for the IPZ. We were awarded a $50,000 competitive grant by the Washington State Department of Commerce.

3. **What major activities have you completed or achieved since your IPZ designation?**

- Planned and implemented two Northwest Wind Operators Conferences bringing attendees from throughout the Northwest together discussing common issues and successes associated with management and operation of renewable energy facilities.
- High Angle Rope Rescue, HARR, trainings with ~60 technicians and first responders were trained and certified. Project was in coordination with the South Central Workforce Development Council.
- Energy Week – participated in the development of a curriculum for Business Week with over 3,000 students participating in a weeklong program.
- BioMass Feasibility Study – $50,000 matching grant contract with the Washington State Department of Commerce to study the viability of installing a power and thermal plant on the CWU campus that is fueled by feedstock from forest health treatments and other sources.
- Local engagement of interested parties at Community Renewable Energy Roundtables through presentations, educational seminars, guest speakers, and industry professionals.
- Solar panel wind integrity studies performed in cooperation with Puget Sound Energy and Central Washington University continue to move forward.

4. **What are your performance measures?**

We are currently in the process of updating our performance measures. Categories include Networking-Building Reputation, Engagement-Convene Stakeholders, Investment-Inspire Action, and Regional Prosperity-Impacts.

The metrics are being finalized over the next week and include items such as relationships built, meetings attended, outreach efforts, students engaged, companies participating, capital investment, funds leveraged, etc....

5. **What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?**

3,000+ high school students exposed to renewable energy, energy generation, transmission and distribution through the Energy Week curriculum
~60 technicians and first responders educated and certified to perform HARR increasing the safety and response time to critical incidents

We have established relationships and collaborated with local business owners to increase residential renewable energy projects in the region – installation of residential solar and wind technology for participation in net metering programs with local utilities.

6. What funds are received by the IPZ from all sources?

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Additional notes

We are currently trying to operate with a budget of ~$100,000/year of funding and in-kind contributions from our partners. The other funding in the above “Budget” is dedicated specific projects, not available for operations, and leveraging other funding.

The IPZ’s have a positive impact on economic development throughout the state, investment in a unified web portal and annual operations funding by the State of Washington in the IPZ program would leverage our efforts and increase the overall success of all the IPZ’s.
I. What are the objectives of your Innovation Partnership Zone?
   - Increase occupancy of the Pullman IPZ Headquarters from 50% to 100%
   - Facilitate the formation of one to three new start-up ventures per year
   - Improve success of commercialization of University technologies
   - Improve collaboration among the partners

II. What tax incentives or other support have you obtained from public sector sources?
   - $1M IPZ grant for building improvements and pilot projects from CERB (2007)
   - $500K IPZ grant for ongoing projects from CERB (2009)
   - $300K and $1M loan for prospective development projects from CERB (2010)
   - $50K grant to conduct a feasibility/planning study to build a commercialization center (2014)

III. What major activities have you completed or achieved since your IPZ designation?
   - 2011 Redesignation of the zone
• 2013 Governor’s Visit and Tour of the IPZ, including round table with businesses in the zone
• 2014 CERB Feasibility/Planning Study for a Pullman IPZ Commercialization Center in partnership with Washington State University (in progress)

4. What are your performance measures?

Annual performance criteria, as outlined by the Department of Commerce, which may include, but is not limited to:

• Number of trained workers added to state workforce as a result of training provided within IPZ
• Number of potential business sites added (commercial and industrial building developed, redeveloped or newly occupied) attributable to IPZ innovation, research, and commercial application
• Number and type of other assets developed (to retain, grow and attract business)
• Dollar value of infrastructure and other investments completed
• Evidence of commercialization of IPZ research (licenses, patents, trademarks, etc.)
• Descriptions of research bring conducted within the IPZ and potential commercial applications
• Other reasonable performance criteria that may be developed by Commerce

5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?

• Annual Outcomes:
  o Total sales of $738mil
  o Gross regional product $294mil
  o Total compensation $186mil
  o 3,319 job retained with an annual average wage of $58K plus benefits

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Additional notes

None
Interactive Media and Digital Arts – City of Redmond

Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Interactive Media and Digital Arts
(City of Redmond)

Partners:
- City of Redmond (IPZ Co-administrator)
- Economic Development Council of Seattle and King County (IPZ Co-administrator)
- DigiPen Institute of Technology
- Microsoft Corporation
- OneRedmond
- University of Washington, Bothell

1. What are the objectives of your Innovation Partnership Zone?
   - To foster a dynamic, entrepreneurial, and supportive interactive media and digital arts business cluster in Redmond specifically, and in the Puget Sound and Washington State more broadly;
   - To enhance job creation, economic competitiveness and overall vibrancy and diversity in the IPZ area;
   - To foster innovation, research, workforce development, and company growth in the region.

2. What tax incentives or other support have you obtained from public sector sources?
• The City of Redmond funding for supporting sustainable economic development, including the Interactive Media and Digital Arts IPZ program, is $1.4 million for the 2013-2014 biennium;

• The Economic Development Council of Seattle and King County (EDC) staffs the cluster through its annual budget and Business Development work, including a dedicated Business Development Manager in Information Technology.

• The work of the IPZ does not receive any specific additional dedicated local, state, federal, or private funding.

Washington State’s tax system features a state and local property tax with annual increases subject to statutory limitations and a Business and Occupation Tax based upon gross receipts. Other features include:
  • No corporate income tax
  • No unitary tax
  • No inventory tax
  • No personal income tax
  • No tax on interest, dividends or capital gains
  • No sales or use tax on machinery and equipment used in manufacturing operations
  • A state and local property tax with annual increases subject to statutory limitations
  • A business and occupation (B&O) tax which is based on gross receipts

3. What major activities have you completed or achieved since your IPZ designation?
  • In January 2014, the City and the EDC supported the Washington Interactive Network (WIN) at the Power of Play Conference, an annual industry conference attended by entertainment and digital arts entrepreneurs and companies;
  • In 2013 and 2014, in partnership with DigiPen Institute of Technology, the City sponsored projects for students studying video game programming, game design, animation, computer science, sound design, and computer engineering. Students created various animated presentations explaining the City’s future vision, budgets and other activities that may be viewed on the City’s website and public cable channel.

4. What are your performance measures?
  • Number of Interactive media and digital arts businesses within the IPZ, as identified through business licenses
  • Number of employees of businesses in interactive media and digital arts within IPZ, as identified through business licenses
  • Increased awareness of the industry, as identified through inquires and engagement with interactive media and digital arts firms and site location activities.
The Interactive Media and Digital Arts IPZ program supports the growth of Redmond's business clusters, where employment in this sector increased from 50,077 to 51,217 between 2011 and 2012. (While many of the businesses can be identified distinctly as “game” companies, tech employment this number is inclusive of high tech workers in Redmond’s largest company because smaller distinctions are not possible.) For every higher wage primary job in this technology-based industry cluster, four to six additional jobs are also created. These secondary jobs range from industry suppliers, complementary services, and restaurants to arts, cultural, and entertainment options. Collectively, this bolsters demand for real estate, goods and services directly in the Redmond community as well as in the sphere of influence area which extends beyond the geographic boundaries of Redmond. Overall for both Redmond and the broader area, this means increased property and retail tax revenues, as well as offering a broader pool of talent.

Activities of the IPZ program include:

- A (draft) Interactive Media Industry Assessment sponsored by the Seattle-King County Economic Development Council and the Washington Interactive Network. (Please see attached draft.)
- Creating and nurturing relationships with interactive media and digital arts businesses, including identifying industry needs. These have included:
  - site identification for new or growing businesses – working together with local real estate brokers and existing game companies to identify potential sites for new/growing companies, as well as identify co-location opportunities.
  - incubator and accelerator space – REACTOR (located in Seattle) and REACTOR East (located in Redmond) were implemented with the support of the Seattle/King County EDC backing with federal grants from Small Business Administration and other federal agencies
- Increasing skill sets grow and attract talent through industry events – Power of Play, Game Funding Workshops, 101 seminars and connecting businesses seeking to go from incubator to accelerator phase of growth with potential funders/investors and mentors
- Providing opportunities for students to showcase talents and build their professional portfolios by working on client projects for the City (e.g., videos, Your City, Your Choice game, animated shorts)
- Collaborating with private interests to encourage support for interactive media and digital arts (e.g., Digital Arts Festival http://digitalartfestival.com/where.html; Vision 5, an artist themed housing development that emerged from discussions around the needs of interactive media professionals and was designed with input from local businesses engaged in the games industry)
- Meetings with local, regional, state and federal elected officials to better understand the dynamics and needs of interactive media businesses, the role that state tax credits
and federal incentives play in business success, and the need to support both K-12 and college-level STEAM education.

PRESS


http://tomorrowsgamer.com/news/power-of-play/


http://yourchoice.redmond.gov/
6. What funds are received by the IPZ from all sources?

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<td>The Economic Development Council of Seattle and King County (EDC) staffs the cluster through its annual budget and Business Development work, including a dedicated Business Development Manager in Information Technology</td>
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*Funding amount bridges 2014/15 calendar years

Your City, Your Choice Budget Tool, Videos and Animated Short Developed by two DigiPen teams, including a student group from DigiPen’s Singapore campus doing their culminating project. [http://yourchoice.redmond.gov/](http://yourchoice.redmond.gov/)
City of Seattle
Edward B. Murray, Mayor
Office of Economic Development
Stephen H. Johnson, Director

Jaclyn Woodson
Washington State Department of Commerce
1011 Plum Street
P O Box 42525
Olympia, WA 98504-2525

August 18, 2014

Dear Jaci —

I am writing to inform you, and the Department of Commerce, that the South Lake Union Global Health Innovation Partnership Zone (South Lake Union IPZ) wishes to respectfully withdraw from the program.

As you know, the City of Seattle’s Office of Economic Development has administered the South Lake Union IPZ’s programs since its inception in 2007. Over the course of the last 7 years, we have worked closely with the Washington Global Health Alliance and have adopted their work plan as the foundation of the IPZ’s activities. The success of the global health cluster within this geography is due to the efforts of the Washington Global Health Alliance, PATH, Seattle BioMed, the Bill and Melinda Gates Foundation and other anchor institutions. Among the IPZ’s accomplishments are:

- **Collaboration.** 55 participants in the Business Partnership Roundtables to create new business collaborations and innovations in global health.
- **Awareness.** Over 10,000 people visited the Global Health Nexus exhibits and events, educating the public about our region’s global health activities and impact.
- **Research.** Global Health Landscape Analysis and Market Opportunity Study completed, introduced 50 companies to developing market opportunities.

Promoting the development of industry clusters is an important economic development strategy. We remain committed to supporting the success of Seattle’s Global Health and Life Sciences sectors and welcome ongoing collaboration with the State Department of Commerce toward this and outside the formal IPZ designation. We appreciate the effort that you and your colleagues at the Department of Commerce have made to support the program in a very resource constrained environment.

Respectfully yours,

Tina Vlasaty
Deputy Director

cc: Mary Trimarco, Department of Commerce
Lisa Cohen, Washington Global Health Alliance
Skagit Valley Value-Added Agriculture

Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Skagit Valley Value-Added Agriculture IPZ

Partners:
Economic Development Association of Skagit County (EDASC)
Washington State University Mount Vernon Research Center (WSU Research – Mount Vernon)
Knutzen Farms, Sakuma Brothers Farms, Skagit Valley Malting
Port of Skagit, Skagit County, City of Mount Vernon, Northwest Agriculture Business Center (NABC)

1. What are the objectives of your Innovation Partnership Zone?
   - Facilitate the startup of successful new enterprises in the Skagit Valley, capitalizing on available land, labor and management resources;
   - Encourage the development of new high-margin, value added agribusiness products;
   - Create new private sector jobs based on the production, processing, packaging, marketing and distribution of regional agricultural products;
   - Increase the net income for innovators involved in agribusiness;
   - Ensure agriculture survives and thrives in Skagit County.

2. What tax incentives or other support have you obtained from public sector sources?
   No tax incentives or other financial incentives are available, however the IPZ Board supported the request for Distressed County .09 Sales Tax funding to help fund the
construction of infrastructure necessary to recruit a processing company from out of state. The IPZ Board also supported a State Capital Budget request to fund the construction of a regional live grain storage and handling facility. Unfortunately, both requests were unsuccessful.

The Port of Skagit has developed a processing facility and constructed a temporary live grain storage and handling facility using its opportune capital investment funds. The Port budgeted funds for these projects in the amounts of $750,000 and $500,000, respectively.

3. What major activities have you completed or achieved since your IPZ designation?

A. **Gielow Pickles:**
A Michigan based company expands in September of this year to a publically owned processing facility developed by the Port of Skagit at the Port’s Bayview Business Park. Gielow will process cucumbers and cabbage into pickles and sauerkraut respectively. Two IPZ members, the Port of Skagit along with the Economic Development Association of Skagit County, traveled to Michigan to tour Gielow’s facilities in March of this year. The tour reinforced the IPZ’s support of the expansion of Gielow into the Skagit Valley. Having Gielow in the Valley enhances both cucumber and cabbage production, two crops important to the long-term viability of farming in the Skagit Valley. Sustaining farming, adding value through processing locally, enhancing agricultural employment and preserving farmland are goals of the IPZ. The location of Gielow in a publically owned local processing facility helps in achieving these goals and is a prime example of what can be accomplished through collaboration of public and private entities. Gielow begins operation in the 21,000 square feet facility with 20 full time employees on or about September 1 of this year, with the probability of expansion in the future.

B. **Western Washington Live Grain Storage and Handling Facility:**
A temporary, publically owned Western Washington Live Grain Storage and Handling Facility has been developed at the Bayview Business Park through a public private partnership between the Port of Skagit and Salish Coast Enterprises d/b/a Skagit Valley Malting\(^1\). The Port has budgeted $500,000 for purchase of grain storage and handling equipment, which is being installed in a Port-owned building and leased to Skagit Valley Malting for operation. This facility will add value to locally grown grain and bean crops and will keep that value locally.

\(^1\) Skagit Valley Malting is a private enterprise that developed out of a partnership between the entrepreneurs of Skagit Valley Malting, the Port of Skagit and WSU Research – Mount Vernon to develop a facility that malts barley grown in the Skagit Valley to add value locally.
added value here by providing proper drying, handling and storage in a manner that allows for retention of the live germ plasm as well as the unique flavor and nutritional profiles of the products. Demand already exceeds the capacity of this temporary facility and a larger, scalable long-term facility is needed for the 2015 harvest. The IPZ will support the Port’s planned capital budget request for construction of a long-term Western Washington Live Grain Storage and Handling Facility because the facility will promote innovation in the development of value-added crops, create jobs and encourage the use of rotation crops.

C. Buckwheat Mill
In July of this year representatives of the Port of Skagit traveled to Japan to build a relationship with a Japanese buckwheat milling company in the hopes of facilitating locating a buckwheat mill in the Skagit Valley. The relationship first began when a representative of the mill visited the Skagit Valley in March of this year. While in Japan the Port presented the milling company with information about the market opportunity presented by milling buckwheat in the Skagit Valley and what the Port has to offer. WSU Research – Mount Vernon is currently growing test patches of specific varieties of buckwheat to show the miller that buckwheat grown in the Skagit Valley is of superior quality to that grown in Eastern Washington. Provided the buckwheat performs as expected and meets the miller’s standards, the Port believes it will be possible to locate a buckwheat mill in the Skagit Valley within the next five years. The IPZ will support locating of a buckwheat mill in the Skagit Valley because introducing a new processor will create jobs and boost the local agriculture economy by adding value to what is typically a low-value rotation crop. Next steps include harvesting, milling and testing of the resulting buckwheat as soba flour to evaluate quality.

D. Below is a list of collaborative accomplishments between Skagit Valley College (SVC) and WSU Research – Mount Vernon (WSU) and Skagit Valley Malting:

- SVC has developed non-credit courses that teach advanced home brewing techniques. The first courses will be offered to the community in August 2014 at Northwest Brewers Supply.
- SVC has recruited commercial craft brewers to serve on a professional-technical advisory committee that will advise and provide guidance for curriculum and program requirements for a commercial brewing program.
- SVC has arranged for local brewers to tour Skagit Valley Malting to learn about the quality of the wheat and barley grown in the Valley and new malting technology. One of the partners of Skagit Valley Malting will be teaching a brewing course at SVC.
• WSU and SVC culinary program have collaborated to offer SVC students learning opportunities at the WSU bread lab.
• SVC has developed and now offers a Sustainable Agriculture Program. Students are taught to grow food and develop and manage small farm agriculture systems and businesses for local markets and clients.

E. **2014 Farm Bill:**
The IPZ group issued its support for the Agricultural Act of 2014, which included millions of dollars to support innovative research at WSU’s lab in Mount Vernon. This Bill increased funding for specialty crop research and grant programs that WSU Research relies on for furthering its programs in Mount Vernon. Overall, this bill will support farming in Skagit County.

4. What are your performance measures?

**Within the first year of designation, the IPZ has made progress on several goals.**
• (Goal 1) Skagit Malting is a prime example of a start-up business that has capitalized on the research conducted at WSU Research Center. Brewers are locating in the area to take advantage of the local grains and malting.
• (Goal 2) The demand for quality low protein specialized grain has improved business for local farmers, providing a stable market for a rotation crop.
• (Goal 3) Gielow Pickles begins operation in the 21,000 square feet facility with 20 full time employees on or about September 1st of this year, with the probability of expansion in the future.
• (Goal 5) See second bullet above.
• (Goal 7) See first bullet above.
• (Goal 8) See #3 A. above.
5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?

Gielow begins operation in the 21,000 square feet facility with 20 full time employees on or about September 1 of this year, with the probability of expansion in the future.

Skagit Valley Malting has earned the attention and excitement of brewers, distillers and bakers from around the country due to the wide variety of malts produced by the company. The malting machines engineered by the company, have the flexibility of processing over 10,000 varieties of barley and 40,000 varieties of wheat all of which are being grown through WSU Research– Mount Vernon. This revolution in malting will change the taste of beer, whisky and bread, providing variety that doesn’t exist in this country. The low protein grains grown west of the Cascade Mountains are in high demand and provide a profitable rotation crop for Skagit Valley farmers. The collaboration between Skagit Valley Malting and WSU Research – Mount Vernon has resulted in adding high value to crops that are necessary to improve soil conditions for potatoes and seed crops that the valley is known for, and creating a demand from the brewing industry that is now moving to Skagit County in order to be close to the source. (As covered in the Skagit Valley Herald August 12, 2014 – Skagit Malting Business Fires Up New Flavors- by Mark Stayton)

WSU Research – Mount Vernon has introduced bakers, restaurateurs and leading chefs from around the world to the varieties in wheat and barley grown at the WSU Research. News articles and chapters in a recent book by Dan Barber have devoted attention to Dr. Stephen Jones and his work at WSU-Research. The ability to create bread products using simple ingredients and arriving at tastes that vary depending on the variety of grain has resulted in a growing interest and demand for grains from Skagit County.

6. What funds are received by the IPZ from all sources?

To initiate the IPZ endeavor, partners committed cash ($14,000) and in-kind hours to complete the application process for IPZ designation.

Two funding requests were submitted in 2014, one, a state capital budget request for $500,000 to build a live grain storage facility at the Port of Skagit; the second request was for $500,000 to build a food processing facility for the processing of pickles, again at the Port of Skagit. This funding was requested through Skagit County utilizing the Skagit County Distressed County Sales and Use Tax Fund. Unfortunately both requests are not approved during this year’s budget cycle.
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Aerospace Convergence Zone (Snohomish County)

Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Aerospace Convergence Zone

Partners:
Economic Alliance Snohomish County
Workforce Snohomish (WDC Snohomish County)
Snohomish County Executive’s Office
Aerospace Futures Alliance
Edmonds Community College
University of Washington – Bothell

City of Arlington
City of Everett
City of Marysville
Future of Flight Aviation Center
Everett Community College
Washington State University

1. What are the objectives of your Innovation Partnership Zone?

EASC assumed the Administrator role for the IPZ in May 2014. Our intent is to blend IPZ activities within the broader aerospace program being pursued by EASC.

MISSION
Snohomish County economic development, education, government, industry, and workforce development partners have joined forces to continue enhancing support for this Aerospace Convergence Zone with strategically mobilized tools and resources to ensure the continued preeminence of Washington’s aerospace industry to the benefit of our state, its businesses, and its residents.

GOALS
- Maintain a structure and process for the Aerospace Convergence Zone.
Create synergy between industry, research, commercialization, and workforce development to ensure the continued global preeminence of Snohomish County’s aerospace industry and the prosperity of its residents.

- Increase efforts to develop a skilled workforce for aerospace firms.
- Increase the number of aerospace industry businesses that locate, are retained, and expand operations in the Aerospace Innovation Zone.
- Increase promotion of the Aerospace Innovation Zone.

2. What tax incentives or other support have you obtained from public sector sources?

The IPZ received one award of direct financial support from a public sector source (see #1 below). Programs with which the IPZ is associated have received the following -

1. Washington Aerospace Training and Research (WATR) Center of Edmonds Community College - WATR received $500,000 through CERB, $250,000 of State IPZ funding (2010) and $50,000 of Governor’s Strategic Reserve Funds. All funding has been used for improvements to the WATR building at Snohomish County Airport Paine Field.

2. Advanced Manufacturing Training and Education Center (AMTEC) of Everett Community College - $6.5 million combined from college, state and federal funding to establish and operate a facility which brings all manufacturing-related training within a single program. Aerospace will be a primary beneficiary of AMTEC.

3. University of Washington/Washington State University - $10 million in state funding to increase engineering seats at both universities.

4. Edmonds and Everett Community Colleges - $2.9 million for composites training at both colleges

3. What major activities have you completed or achieved since your IPZ designation?

1. Aerospace in Action (AIA) – established an advisory committee of aerospace supply chain firms to advise the IPZ (EASC) on issues and needs within the industry. AIA meets quarterly.

2. Identified and established the North Puget Sound Manufacturing Corridor to supplement the activities of the IPZ. NPSMC boundaries overlap the IPZ boundaries. NPSMC emphasizes the economic value of advanced manufacturing within Snohomish County. Aerospace is the dominant activity within advanced manufacturing.
   a. An objective of the NPSMC is to document to the Legislature the need for State transportation dollars to fund roadway improvement in the County. Such dollars/projects will benefit the IPZ.

3. The IPZ refined the physical boundaries of the Zone to include all areas where aerospace activity does or can occur. Areas not relevant to aerospace (rural, agriculture, etc.) were removed from the Zone.
4. What are your performance measures?

- **Strategic Initiatives**
  - Increase higher education opportunities to support the engineering, design and innovation demands of our region’s technical aerospace workforce.
  - Development of more and better K-12 programs teaching science, technology, engineering and math.
  - Continued advancement of transportation and infrastructure programs that are vital for the continued growth of aerospace and other industries.
  - Continue to keep the cost of doing business here reasonable by streamlining permitting and regulations while maintaining our current set of aerospace industry incentives.

- **Community Engagement**
  - Focuses on education and communication such that everyone in our community, from business and government leaders to each and every resident, understands the importance of aerospace. Work will focus on implementation of State and local commitments that brought the 777X to Washington and in particular the IPZ.
  - New programs from University Center partners including WSU’s software engineering & agriculture/food systems, and the School of Advanced Manufacturing & Aerospace;
  - Funding for the Washington Aerospace Training and Research Center’s Wing Fabrication Training Program
  - Partnering on US Dept. of Energy grant application to fund the Advanced Composites Center within the State, with its’ primary physical presence in Snohomish County. $75 million over five years.

5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?


3. 777X – 2014. EASC/IPZ played a significant role and was the Snohomish County coordinator for the State’s effort to keep 777X fabrication and assembly in Washington. 8500 new direct and indirect jobs will be created.

EASC maintains a prospect list of +/- 30 aerospace firms for recruitment and +/- 20 firms for retention/expansion.
6. What funds are received by the IPZ from all sources?

The IPZ has received no funding.

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Innovation Partnership Zone Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Spokane University District Partnership Zone

Partners:
Washington State University, Eastern Washington University, Gonzaga University, Whitworth University, Community Colleges of Spokane, City of Spokane, Spokane County, Health Sciences and Services Authority, McKinstry, University District Development Board, Avista, Downtown Spokane Partnership, Kiemle and Hagood, Baker Construction,

1. What are the objectives of your Innovation Partnership Zone?
Building healthy and sustainable communities, environments, economies and people through research, technology development and commercialization

2. What tax incentives or other support have you obtained from public sector sources?
Tax Increment Financing, Historic Preservation Credits, Workforce Development training funds, Community Empowerment Zone, Historic Underutilized Business Zone, Health Sciences and Services Authority, High Tech Research and Development credits, federal and state funds for Martin Luther King and Spokane Falls Blvd reconstruction activities, Innovation Partnership Zone grant, Capital funds for construction of medical education facilities, Department of Ecology, EPA

3. What major activities have you completed or achieved since your IPZ designation?
Sciences campus and have moved several programs to Spokane to assist in the buildout of the University District/Innovation Partnership Zone.
A four-year medical school program has been implemented on the campus. Innovate Washington Building was completed, and over 100 companies were incubated, creating 100s of jobs.

More than $500 million in public funds have been utilized to build a Health Sciences Building, Academic Health Science Center, Nursing Building, Pharmaceutical and Biomedical Sciences building. Additional construction dollars were leveraged to buildout infrastructure to accommodate this growth.

Planning and next stage design for a modern electric trolley and an iconic pedestrian bridge to serve the University District and adjoining communities.

Gonzaga University continues an aggressive buildout of their campus to support student requirements, including further development of their health sciences programs – more than $200M in the last decade, with plans to invest $100M in the next five years.

Eastern Washington University is investing in growing their professional programs on the campus, including communication disorders, dental hygiene, occupational and physical therapy.

Community Colleges of Spokane is partnering with EWU to create transitional programs from their two year certificates to EWU’s four year degrees.

Whitworth University is expanding its program offerings for nontraditional and evening students, moving its MBA program to the University District.

4. What are your performance measures?

Public Investments, Private Investments, Jobs Created

5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?

Private Investments - $78.4M
Public Investments - +$500M
Jobs – 1,000 part-time construction jobs/1,157 regular fulltime positions

6. What funds are received by the IPZ from all sources?

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Urban Clean Water Technology (Tacoma)

Innovation Partnership Zone (IPZ) Biennial Reporting

*This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

Innovative Partnership Zone:
Urban Clean Water Technology, Tacoma WA

UCWT IPZ Partners:
- City of Tacoma-Center for Urban Waters
- University of Washington Tacoma-Center for Urban Waters
- Washington State University Puyallup Research and Extension Center
- Port of Tacoma
- Economic Development Board for Tacoma-Pierce County
- GeoEngineers
- Institute for Environmental Research and Education
- Parametrix
- Tacoma Community College

Overview
Since the Urban Clean Water Technology Innovation Partnership Zone first launched in 2012, it has had a unique, transformative effect on the image and economy of Tacoma from inside and out. The IPZ, a collaboration of business, research, education and local government leaders, is designed to accelerate development of globally competitive, research-based, and urban clean water initiatives that will enhance the economic future for Tacoma and Pierce County, WA.

The Urban Clean Water Technology IPZ is one of the 18 Innovation Partnership Zones designated by the Washington State Department of Commerce. In Tacoma, the IPZ has helped brand the city and county as a world leader in clean water in urban settings. The New York Times, in a recent story about the city, stated, “Tacoma’s approach, a combination of science
and sheer doggedness, is being studied by officials from as far away as Brazil, Thailand, Italy and Russia.” Clearly, the IPZ is leading the way for new technologies, marketable products, company formation and job creation.

1. What are the objectives of your Innovation Partnership Zone?

• To retain and expand existing organizations, businesses and jobs in the IPZ urban clean water cluster
• To recruit and attract local and national organizations and businesses that enhance the long term value of the cluster
• To establish and host conferences and symposia related to urban clean water that increase the cluster’s global profile

2. What tax incentives or other support have you obtained from public sector sources?

• Public sector agencies have provided the majority of the staffing and operational support for the IPZ

3. What major activities have you completed or achieved since your IPZ designation?

• **Clean Water Innovation Laboratory** – The grand opening of the recently renovated Clean Water Innovation Laboratory at University of Washington Tacoma will be held in Fall 2014. This space will house collaborations between university scientists and private and public experts, conducting research and product development for urban clean water solutions.

  *This new lab space was primarily funded out of the 2012 State capital funding allocation for Tacoma.*

• **Advanced Analytical Instrument** – Installation and start-up of a high-tech laboratory instrument that allows scientists to detect a broad spectrum of compounds more efficiently and cost effectively. The instrument will be used in upcoming projects to detect tracer chemicals to help determine the source of bacterial contamination in surface waters and to determine exact causes of toxicity in fish – further protecting the State’s shellfish and fishing economic resources, as well as human health.

  *The instrument was funded out of the 2012 State capital funding allocation for Tacoma.*

• **Assistant Director for Clean Water Innovation** – The University of Washington Tacoma has further invested in the IPZ by creating and filling a new full-time position: Assistant Director for Clean Water Innovation at the Center for Urban Waters. Backed by the Center’s scientific and engineering expertise, the Assistant Director spearheads efforts to evaluate and promote innovative technologies and practices around sustainable urban clean water,
while building and fostering relationships with South Sound community partners, as well as regionally and nationally. UWT Assistant Director attended and presented at the U.S. EPA meeting called the Water Technology Innovation Cluster Leaders Meeting: “Successfully Supporting Early-Stage Companies: The Role of Technology Testing” held in Cincinnati, OH.

- **Innovative treatment media** – IPZ members: City of Tacoma, UW Tacoma, and WSU Puyallup were awarded a grant from the Department of Ecology to research and develop media that will reduce the level of phosphorus in stormwater. The active ingredient in the media is a waste product from the drinking water treatment industry.

- **WSU Puyallup Aquatic Toxicology building** – The renovation of the building has been completed, part of the equipment has been purchased and WSU is in the process of purchasing laboratory equipment. Renovation of this building will enable work with many more aquatic species than would be possible prior to this renovation. WSU is talking with potential partners from Federal agencies, tribes, consulting companies and other universities to find common interests and discuss sources of future funding for research projects. This will benefit the growth of the IPZ in the area of water research and development.
  
  - Washington State University has made a commitment to hire a new faculty line including a fish biologist that will be housed in the renovated aquatic lab building. And as WSU works with potential new partners, they anticipate that these partners will place workers at the lab. Furthermore, new staff will be hired as new research projects are funded.

- **Department of Ecology’s TAPE (Technology Assessment Protocol – Ecology) Program facilitation** – The UW Tacoma, via the Washington Stormwater Center, works with numerous companies to foster them through the TAPE program, and also facilitates reviews of their application documents. This program assists in product development and new product testing which leads to additional business for companies involved. Under this program, we have assisted the following local and national companies: Royal Environmental Systems, Inc; HydrolInternational; StormwaterRx; Contech; Modular Wetlands; BaySaver; Filterra; Washington State DOT; Lean Environment; Aquashield; and Environment 21.

4. **What are your performance measures?**

- Securing funding to support IPZ activities – funds are needed to stabilize ongoing operational expenses and expand the Center for Urban Waters for a second building phase
- Creating greater access to non-proprietary research and best water management practices relevant to urban clean water as a draw for businesses, non-profit organizations and start-ups
- Targeting the water technology market for business recruitment/retention/expansion – principal segments include safe drinking water, wastewater treatment, groundwater, storm water, processed water, water reuse, and source restoration
- Garnering media awareness to communicate sector accomplishments with article placements in national and regional publications about Tacoma-Pierce County water cluster
• Hosting yearly Clean Water symposia/Wellspring Conference focusing on the South Sound’s expertise and how that knowledge and mindshare can be leveraged to drive job creation

5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e. jobs created, patents pending or received)?

• Conferences and Symposia Involvement since 2012:

  o **Annual Wellspring Conference:**
    Created and hosted two Wellspring conferences with the third conference scheduled for October 2014. Local, national and international experts presented at the event in Tacoma. National and local vendors sponsored and highlighted their technologies and services. Attendance is rapidly increasing each year.

  o **Working Waterfronts & Waterways Symposium:**
    The Center for Urban Waters was a sponsor of the *National Working Waterfronts & Waterways Symposium*, in Tacoma March 25-28, 2013. This was a national symposium on issues faced by working waterfronts throughout the United States including environmental challenges.

  o **2013 University of Washington Water Symposium:**
    Sponsored by UWT Center for Urban Waters, Puget Sound Institute and UW College of the Environment, the event on April 30 presented in-depth research on water sciences, engineering and policy from the Pacific Northwest water community.

  o **Puget Sound Institute Workshop**
    Participated in the May 2013 gathering of scientists from large aquatic ecosystems around the country to discuss how science informs ecosystem-wide recovery efforts.

  o **Environmental Protection Agency:**

  o **Water Environment Federation (WEF):**
    Egils Milbergs (Center for Accelerating Innovation), Bill Stewart (EDB), Lisa Rozmyn (WSU-Puyallup), and Kurt Marx (UWT-CUW) represented the Tacoma Pierce County clean water cluster at the Private Networking Meeting Collaboration and roundtable discussion with water clusters from around the country called the *Water Innovation Clusters Round-Robin* at WEFTEC, Chicago, October 2013.
- **China Trade and Investment Summit:**
  Environment and Clean Technology Summit held in June 2014 brought together speakers and companies from Tacoma to China, who are working on environmental challenges, and to discuss technologies in groundwater and soil remediation.

- **Visit/Tours:**

- **Media/Article Placements:**
  - **Treatment Plant Operator,** *Conference Reveals Clean-Water Industry Issues,* October 21, 2013. Article was written about the success of the 2nd annual Wellspring Conference. http://www.tpomag.com/online_exclusives/2013/10/conference_reveals_clean_water_industry_issues
  - **Water Systems Operator,** *Conference Reveals Clean-Water Industry Issues,* October 21, 2013. Article was written about the success of the 2nd annual conference.
Wellspring Conference.  
http://www.wsomag.com/online_exclusives/2013/10/conference_reveals_clean_water_industry_issues

- **Water Conditioning & Purification, Wellspring Conference 2013: Overcoming Obstacles in Clean Water Technology**, November 15, 2013. Article was written about the success of the 2nd annual Wellspring Conference.  

- **Treatment Plant Operator, Clean Water Conference Makes a Splash**, November 20, 2013. Article was written about the success of the 2nd annual Wellspring Conference.  
  http://www.tpomag.com/online_exclusives/2013/11/clean_water_conference_makes_a_splash

- **Municipal Sewer & Water, The Long View: Sound planning and management help Tacoma get the most out of its infrastructure**, April 2014. This article was a cover story about Tacoma Water’s asset management and best practices.  
  http://www.mswmag.com/editorial/2014/04/the_long_view

- **Treatment Plant Operator, Tacoma – Pulling It All Together**, April 2014. This article highlights Tacoma Public Utilities and partner’s efforts to be a leader in clean water technology and sustainability.  
  http://www.tpomag.com/editorial/2014/04/tacoma_pulling_it_all_together


- **The Seattle Times, Tacoma Rebounds**, July 20, 2014. Article about how Tacoma has rebounded from the recession, including their successes in clean water technology.  

- **Business Recruitment:**

  The Economic Development Board for Tacoma-Pierce County (EDB) has the lead role on recruitment of companies in the sector. Current database of water technology companies
stands at 750, with a subset of 50 companies for more intensive communications and contact attempts. This has generated approximately 30 inquiries.

EDB’s hired a recruiter during most of this report period. The recruiter attended approximately 9-12 national and regional water technology conferences per year for direct contact with companies. Conferences included: StormCon, Water Environment Federation, National Groundwater Expo, GLOBE Environmental EXPO, etc.

Industry market analyses project the global demand for clean water technology will grow 7% per year through 2017.

- **Recruitment Challenges:**
  The last two+ years of recruitment activity has resulted in several positive leads. We will continue to work on securing new company location/expansion opportunities. Some of the challenges that we have identified in the marketplace are listed below:

  - The largest customer group in this sector is comprised of public entities that own and operate water and wastewater treatment systems. According to a recent National League of Cities survey, (a) 42% of cities delayed or cancelled planned infrastructure projects as a result of budget reductions. Many companies downsized or went out of business during this prolonged period of sales decline, so adding production capacity in new locations isn’t a high priority until the market gets healthier. The American Water Works Association (AWWA) says in a 2012 report that the industry’s comeback has begun but will be slow. (b) The water industry is very fragmented; safe drinking water, wastewater treatment, process water (cooling; food processing; etc.), water reuse, groundwater, storm water, etc. As a result, there are many very small companies in the industry serving customers in specific segments. (c) Tacoma has more work to do in articulating how our assets are unique and compelling for a company to actually establish operations here. Companies that don’t need additional production capacity may be more interested in Tacoma for R&D support, but it needs to be support they don’t already have access to. The IPZ is working on that as well.

  - In looking at the manufacturing sector, the EDB’s database indicates manufacturing clusters are stronger in the Denver area; Upper Mid-West; and East Coast. That may be beneficial to Tacoma as markets become more robust in the West; branch facilities will make more sense. Tacoma’s marketing over the last year has been aimed at positioning the IPZ as business in this sector improves.

- **International Business Opportunities:**

  The World Trade Center Tacoma, City of Tacoma and Center for Urban Waters are working with Chinese officials and scientists to exchange information and learn about clean water technology and remediation experiences. A 2014 Environment and Clean Technology Summit brought together scientists working in China with Tacoma environmental consulting firms. There were two business development opportunities that were a result of the conference:
A Tacoma engineering firm was invited to go to China for a week as an expert to discuss Low Impact Development (LID). This put Tacoma on the leading edge for LID. Because of this contact there are 10-20 new contacts for business development in Tacoma area.

A second Tacoma engineering firm was invited to become involved in a large soil remediation project in China. The initiation was made by the US China Clean Tech Center, a speaker at the conference. The Clean Tech Center was contacted by one of the largest environmental companies in Hunan, China regarding a very large soil remediation and water protection project. Over twenty chemical enterprises need to be relocated to a rural area, and an urgent need to solve the pollution problems in their used lands. The Chinese company is seeking specific technologies that can be applied on mainly five areas including pesticides, chlorinated solvents, PCB, dioxins and petrochemical contaminants.

- **Business Support:**

  - **The Clean Water Innovation Laboratory:**
    This laboratory is located at UWT’s campus. The lab will foster opportunities for faculty and students to engage with businesses and entrepreneurs in ways that lead to research-based ideas and inventions and their potential commercialization, while enhancing UW Tacoma’s science programs. These high-end environmental facilities will allow engineers and scientists from the private sector to work side by side with university faculty, which brings new ideas and energy into collaborations that could lead to commercialized products and services.

  - **Washington Stormwater Center:**
    The Emerging Technologies branch of the Washington Stormwater Center helps foster the development and use of new stormwater technologies. If the technology is a candidate for the Technology Assessment Protocol – Ecology (TAPE) program or could be a solution to reduce or eliminate storm water pollutants, the program can:
    - Help a company or entrepreneur navigate resources so that the product or service can be effective at helping manage stormwater.
    - Disseminate and share successful products, services, and ideas with stormwater managers.
    - Research, develop, and evaluate innovative and cost-effective technical solutions to remove pollutants from runoff and to reduce or eliminate stormwater discharges.

- **Job Creation:**

  The focus on new technologies, marketable products, and company formation within a defined IPZ around urban clean water has resulted in steady job creation. The past two
years have seen the foundation laid through new research opportunities, business recruitment, public awareness and public participation. As the IPZ matures, more employment is projected. To date, our job growth has included:

- 32 employees at a new clean water startup (name withheld due to company confidentiality), including 8 additional jobs since last year. The same company has also secured five patents.

- UWT/Center for Urban Waters currently counts 21 employees, up 2 FTEs year-over-year.

- WSU Puyallup is in the process of expanding their staff and opening a new faculty line in fish biology. One fish biologist is in the process of being hired. In addition, WSU Puyallup director John Stark reports that working with new partners will lead to expanded employment at the school’s lab and new hires will follow as new projects are funded.

- Tacoma-based GeoEngineers increased staff by 8, with several working on groundwater projects locally, regionally and nationally.

- Three new employees have been hired at IERE.

6. What funds are received from the IPZ by all sources?

<table>
<thead>
<tr>
<th>Funding Sources</th>
<th>FY 14</th>
<th>FY 15</th>
<th>Total</th>
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<tr>
<td>Private</td>
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<td>Local</td>
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<td>Total Budget</td>
<td>$8.4 million</td>
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*Current research grants: Approximately $5.6 million, primarily federal funds

Summary
The designation of an Innovative Partnership Zone around Urban Clean Water Technology in Tacoma, Washington has been a major success. In just two years we have developed funding mechanisms, implemented tax incentives, undertaken major activities, built public and private partnerships and increased local and national awareness of the vital importance of clean water in urban settings. The result is economic, academic and innovation growth. Beyond that, it has given Tacoma and Pierce County a distinction among its civic neighbors and peers across the country and around the world.
Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Tri-Cities Research District, Richland WA

Partners:
Cities of Kennewick, Pasco, Richland
Washington State University Tri-Cities
Columbia Basin College
Battelle operated Pacific Northwest National Laboratory
Worksource Development
Stevens Center Management
Innovation Center, LLC
Sigma Management
MSA, Lockheed Martin
Energy Northwest –APEL
TRIDEC
Department of Energy

1. What are the objectives of your Innovation Partnership Zone?

Goal #1: To undertake those activities that support the Vision and Mission Statements of the organization and that support the success of the various entities and businesses located within the district in creating new jobs and tax base and diversifying the Tri-Cities economy.
Goal #2: To assist existing property owners to develop and market their properties in a coordinated and cooperative way to new and expanding technology, and research and light manufacturing firms who will generate new non-Hanford-related family-wage jobs and further economic diversity.

Goal #3: To use the Innovation Zone as a vehicle for demonstrating and using sustainable development technologies.

Goal #4: To create a physical and intellectual environment where companies and workers can interrelate and learn; where technology transfer and product commercialization can happen; where educational and training opportunities are available for professional and support workers; where we can establish and support vertical and horizontal industry clusters and, finally, as a focal point for technology-related community outreach activities throughout the Tri-Cities area.

2. What tax incentives or other support have you obtained from public sector sources?
   The City of Richland and the Port of Benton continue to utilize Local Revitalization Financing to bring broadband infrastructure into the district.

We anticipate that the loss of the states R&D tax credit will impact our start up and growing companies.

3. What major activities have you completed or achieved since your IPZ designation?
   For 2013, the major activities include the start of construction of the Broadband project with the TCRD portion with IPZ funds to start August 2014 and the construction of the $23m Wine Science Center project. The TCRD also help initiate and sponsor for the first time two Tri-Cities Start Up weekends.

4. What are your performance measures?
   Our annual work plan lists each of our four goals. This is reviewed yearly with the public and quarterly status reports are provided to the board and posted on our website.

   Goal 1 has two strategies and seven activities to be implemented.
   Goal 2 has four strategies and seventeen activities
   Goal 3 has three strategies and five activities
   Goal 4 has three strategies and sixteen activities.

   The activities are measured quarterly to ensure progress is being made or dollars are found to support them.

5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?
• January 16, 2013, Tri-Cities Investment District, EB5 regional center receives approval. Over last two years TCRD marketed to Dubai, India, China, Mexico and South Korea.

• Innovation Center, LLC begins construction of phase 2 (160 total) Loft Apartments $19m project.

• Delta High School receives state support of $5.4m to allow for construction of new facility in Pasco.

• $23m Wine Science Center selects Lydig Construction and ALSC Architects of Spokane to begin construction of the 39,000 sq ft facility.

• TCRD spends remaining state IPZ funds on way finding signage within the district.

• City of Richland begins initial $2.3m broadband infrastructure project that includes the TCRD.

• TCRD is co-sponsor of first Tri-Cities Start Up Weekend and Future Energy Workforce Conference events.

• WSU TC is named HUB of new Biofuels Program with FAA making a 10 year, $40m grant to WSU and MIT.

• November 2013, TCRD attends Washington Trade Mission to China with Governor Inslee and participated is the first Select Invest USA Summit in Washington D.C.

• DOE announces new Systems Engineering Laboratory (SEL) $10m project to be built on the northeast corner of Stevens and Horn Rapids Road.

6. What funds are received by the IPZ from all sources?

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<tr>
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<td>9,220</td>
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Additional notes
Initial dollars were received from Battelle in 2007 of $100,000 and the Cities of Kennewick and Richland to support marketing. The TCRD, IPZ has been run with these funds and in kind support from its partners, specially the Port of Benton who provide the finance and administrative support to the IPZ as well as its executive director.

If all dollars as budgeted are spent in 2014, then only $9,220 will remain within the TCRD account. The TCRD board and finance committee are seeking long term funding options. The challenge is the TCRD does not have any assets to support long term funding.
Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Vancouver/Camas Applied Digital Technology Accelerator
Designated October 2013

Partners:
City of Camas
Washington State University Vancouver
Clark College
Southwest Workforce Development Council
Columbia River Economic Development Council
Camas Washougal Economic Development Association
Wacom Technologies
Woobox

1. What are the objectives of your Innovation Partnership Zone?

Technology
Accelerate leading-edge research that is primed for commercialization and will spin off new businesses

- Foster collaboration between world leading manufacturers in applied digital displays and interface technologies and other forms of digital delivery with programmers and designers who will utilize and innovate new technologies
- Foster new innovations within the private research and development sector through higher education collaboration.
• Enhance the ability to carry out research and development projects in partnership with regional technology-driven industries

Human Capital
Train a nimble and flexible workforce who will pioneer the technology careers of the future
• Train the workforce of the future for new business sectors where digital technologies are at the core
• Enhance on-site and remote education opportunities to craft a workforce for the future

Infrastructure
Create a results-oriented, entrepreneurial climate in which businesses have access to the space, resources, and capital to succeed
• Encourage entrepreneurial growth of applied digital technology and software companies locally
• Develop robust infrastructure to incubate new technologies that are not yet envisioned and build new industries correlated to digital technologies that realize job growth
• Brand this part of the state as a great place for digital technology companies and create a results-oriented, entrepreneurial climate

2. What tax incentives or other support have you obtained from public sector sources?
No tax incentives. The City of Vancouver provides limited in-kind management resources to this effort.

3. What major activities have you completed or achieved since your IPZ designation?

• 2 press releases and several featured articles in the local media — Vancouver Business Journal and the Columbian
• The IPZ was highlighted at the “Digital Technology Innovation Showcase” an interactive networking and showcase event where technology anchors and up-and-coming entrepreneurs showcased their latest technologies and students showed off their capabilities and assets. Over 175 attended including technology companies, entrepreneurs, angel investors, local elected officials, and technology students and faculty
• Convened 3 IPZ partner management team meetings and accomplished the following:
  o Completed a communications plan
  o Completed brand, tag lines and logo
  o Completed a one page brochure
  o Partners shared each of their technology initiatives and events and discussed future ideas for the success of the IPZ
• Completed initial Web-site
• Met with 22 IPZ technology firms to build relationships, inform them of the IPZ and its benefits and seek their ideas for advancing the IPZ as a framework for digital technology partnerships and connections.
• Launched a Needs analysis survey targeted for small technology firms.
• Held an IPZ workshop as part of the #nextchapter event - an annual community-wide discussion of compelling cultural trends in the emerging digital economy spearheaded by IPZ partner WSUV’s Creative Media and Digital Culture (CMDC) Program.
• Supported 3 grant applications the IPZ educational/training partners applied for.

4. What are your performance measures?

There are a number of initial ideas of how to measure progress which have not been finalized. The management team would like to participate in the statewide work group forming to develop a common set of core measurements to track IPZ progress

• 4 IPZ management/partnership meetings annually
• Number of events that help expand collaboration between research, workforce, and private sector
• Number of additional IPZ private business partners
• Number of students receiving degrees and/or certifications related to applied digital technologies
• Creation of a branded hub within the zone and a digital strategy to highlight activities, events, and successes
• Number of successful recruitments to the IPZ geographic area
• Future applied digital technology occupation projections
• Number of businesses sited due to IPZ research and/or other activities
• Amount of available incubator space
• Evidence of commercialized research
• Number of grants awarded where IPZ is included in the submittal

5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?

The Vancouver/Camas IPZ designation was awarded October 2013 since then partners have leveraged the IPZ designation for significant funding opportunities:

• Supported and contributed to 3 grant applications with our education/training partners, Clark College, WSUV, and Southwest Workforce Development Council.
• Of the 3 grants Clark College Foundation was awarded a Meyer Memorial Trust Grant for a new STEM building. Southwest Workforce Development Council should be hearing the results of their “Ready to Work” grant submittal soon.
• Columbia River Economic Development Council created a focused technology recruitment packet that includes IPZ information. A recent technology company was recruited from Las Vegas to downtown Vancouver bringing 14 jobs. One of their reasons for relocating – the IPZ. The Company is in the process of hiring for 2 additional positions.
• Several downtown technology companies combined their creativity and energy to create the #Vancouver Tech Project – a self-organized, open community network focused on bringing like-minded technology professionals, enthusiasts, and investors in and around the Vancouver Washington Innovation Partnership Zone.

• Commercial Real estate brokers are marketing the Innovation Partnership zone as an asset for buyers within the IPZ – they are including the IPZ in their marketing materials.

• Infrastructure/place making - The City of Vancouver has launched a “pay by phone” parking pilot within the downtown IPZ. The Parkmobile pilot allows patrons to pay for parking by downloading a free smartphone app, going online or by phoning.

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Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Walla Walla Innovation Partnership Zone (WWIPZ)

Partners:
City of Walla Walla
Walla Walla Community College (WWCC)
Port of Walla Walla
Walla Walla County
Pacific Northwest National Labs
Confederated Tribes of Umatilla Indian Reservation (CTUIR)
ETS Laboratories
Nelson Irrigation Corporation
Washington State University Pullman
UNIBEST International
Reiff Manufacturing
Walla Walla Public Schools

1. What are the objectives of your Innovation Partnership Zone?
The mission of the WWIPZ is to promote innovative approaches to economic, environmental and cultural sustainability through talent, investment, and infrastructure, and to implement strategic initiatives that positively shape the development of our region’s economy.

Objectives include:

- Family wage job creation
- Increased wages
- Improvements to natural environment
- High school graduation rates
- Patents (where appropriate)
- WWCC enrollments in workforce and technical education programs and transfer programs
- WWCC degrees awarded
2. What tax incentives or other support have you obtained from public sector sources?

Blue Mountain Station construction
- $750,000 in funding allocated by the Washington State Legislature
- $250,000 in matching funds from the Port of Columbia

Walla Walla Wine Cluster Study
- In 2007 WWCC and its partners received a grant to study the economic development and impact of the wine industry in the Walla Walla Valley.
- In 2011 WWCC and its partners secured a $37,500 grant through the Walla Walla IPZ to re-visit that work and measure changes that occurred in the industry and to gain an understanding of the impact of the Great Recession on the Walla Walla regional economy.

William A. Grant Water and Environmental Center (WEC)
- $6,885,000 expansion of the WEC completed in fall 2011 with a Washington State Commerce Grant of $525,000, along with State, City and County, local, private, and College funds totaling just over $3.5 million leveraged to acquire $3 million in additional federal funds.
- In 2013 WEC and WWCC invested $115,000 in lab equipment to establish fresh water mussel and lamprey propagation research in cooperation with the CTUIR.
- Also in 2013 through a Legislative appropriation, WWCC purchased a mass spectrometer, increasing capacity in the soil and water quality lab.

Alternative Energy: Training and Innovation at WWCC
- In 2012 WWIPZ received a legislative appropriation of $3.7 million to expand its Energy Systems Technology Program entry level training for wind energy and wind turbine generator technicians.

Railex, received $2,000,000 in public funding to match its $18,000,000 for construction of its Wine Services Distribution Center

3. What major activities have you completed or achieved since your IPZ designation?

Developed Blue Mountain Station, a new eco-friendly business park conceived, constructed and opened by the Port of Columbia County and designed to house a cluster of natural, organic, and sustainable artisan food processing businesses. The Station is now home to four artisan food processing tenants, a commercial garden operation, a commercial kitchen, and the Blue Mountain Station Co-op Market.

Expanded the William A. Grant Water and Environmental Center (WEC) at the Walla Walla Community College, focusing on collaboration and education for environmental and economic
sustainability, facilitates regional and local partnership programs, provides community and K-12 education opportunities, and coordinates the WWCC Watershed Ecology degree program, campus sustainability, and "Go Green Club" activities.

**Studied, analyzed and reported on the impact of the Walla Walla Wine Cluster** as a driver of economic development in the Walla Walla region.

**Railex**, a Wine Services Distribution Center and the first rail-based system to transport wine efficiently and sustainably across the U.S. Railex invested $18-$20 million to build and operate the 500,000 square foot bonded wine storage and distribution center.

**4. What are your performance measures?**

We will measure the effectiveness of WWIPZ efforts by tracking and analyzing initiative “inputs” (public and private investment) and “outputs” (job creation, increased wages, improvements to natural environment). We will collect data and evaluate the implementation process and outcome of individual initiatives, focusing on public and private investment and their planned outcomes. We will also track process indicators, which include high school graduation rates, WWCC enrollments in workforce and technical education programs and transfer programs, WWCC degrees awarded, and patents (where appropriate). The Port of Walla Walla, in partnership with Eastern Washington University and the Washington State Department of Commerce, provides much of this data through the Walla Walla Trends website. WWCC also maintains data on enrollments and completion rates by program, so that we can track and measure the efficiency and effectiveness of each program. Data not collected by the Port, WWCC, or other entities will have to collected and maintained locally.

Since the creation of family wage jobs is a key goal of the WWIPZ, we will measure employment outcomes and changes in wages over time. Our intent is to conduct another regional impact analysis in 2016, which will provide us with the analysis and metrics to continue to measure regional economic development planning. Conducting a regional economic analysis in five years will build upon the two previously conducted studies that measured the impact of the wine and hospitality cluster. This is important from the standpoint of economic development planning, because it contributes to establishing a time-series of studies that are used to inform our decision-making process and the identification of new projects and initiatives.

**5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?**

1. **Constructed, equipped and staffed the Enology and Viticulture Center**
   a. Enhanced regional wine services by expanding ETS lab space.
b. Enhanced Enology and Viticulture Program by adding and equipping wine chemistry classroom.
c. Enhanced Enology and Viticulture Program by adding office space for additional staff.
d. Provided office space to serve as future headquarters for IPZ.

2. Constructed, equipped and staffed the William Grant Water and Environmental Center
   a. Provided initial facility design funds for Center expansion.
   b. Enhanced regional water analysis services by financing a water quality lab.
   c. Advocated for capital funds at local, state, and national level to construct facility addition.
   d. Administered Titus Creek Stream Restoration project; restoration of approximately 1,200 feet that flows through WWCC campus.

3. Provided capital funds to enhance internet connections to and within the IPZ; installed fiber optic cable and provided broadband availability.

4. Made infrastructure improvements at Walla Walla Regional Airport including street maintenance, sewer and waterline extension and replacements, roof replacements, storm water improvements, ingress and egress improvements, and tenant improvements to Airport-owned buildings (ADA, etc.).

5. Focused attention on the importance of innovation and entrepreneurship as strategies to enhance economic development.

6. Helped educate economic developers and the public on new approaches to economic development.

7. Advocated for economic, environmental, and cultural sustainability.

8. Helped secure funds to support hospitality cluster study.

9. Helped put Walla Walla on the map as innovation “hot spot”.

10. Promoted applied research and development for wine and water clusters. Efforts focused on salmon recovery, natural resource restoration, energy efficiency, renewable energy, reuse and remanufacturing of “otherwise” waste products, vineyard practices, and wine production and marketing practices.

11. Helped understand the potential of expanding the hospitality industry as a key economic strategy.

12. Strengthened partnerships with local manufacturers and other businesses to protect and create jobs.

14. Technology in the development and use of optical sorting technology. A case study was authored by two WWCC instructors, Timothy Donahue and Sabrina Lueck, and was printed in June 2014 issues of Wine Business Monthly.

15. In June 2014, WWCC and Whitman College co-hosted the annual meetings of the American Association of Wine Economists in Walla Walla. The meetings bring together world renowned academics and practitioners in the field of wine economics.

16. The Wine Country Culinary Institute revamped its curriculum and expanded to a year-round program.
17. The Institute has established a 4,000 square foot greenhouse, a Vermi (worm) Composting program – Now switching to aerated static piles, and expanded its culinary garden that will be used to teach students about sustainable food production practices and simultaneously supply locally grown product to the Institute’s culinary endeavors.

18. Students provide hot lunch to Assumption Elementary School three days per week, cooked for the Washington State Governor’s Inauguration Ball, and won third place in the “knowledge bowl” at the American Culinary Federation’s Western Regional Conference in April 2014.

19. WEC/WWCC staff work with multiple local partners to conduct an annual two-day environmental education event for area 5th grade students called Make a Splash!

20. WEC/WWCC staff work with CTUIR staff to conduct an annual community salmon festival called Return to the River.

21. WEC/WWCC has hired Earth Economics to assess the Economic and Social Impact of the WEC. The assessment will quantify the economic impacts of the WEC and its five co-locators. The results of that study will be forwarded as an addendum to this report.

22. The WEC is in the process of creating a new four-year Strategic Plan to prioritize needs for establishing new workforce education degree programs, public education and outreach initiatives, and parameters for establishing new research and education partnerships.

23. WEC/WWCC is establishing a new Precision Agriculture degree program.

24. WEC/WWCC has installed demonstrations of two scales of aerated static pile composting to serve as models to local farms, ranches and wineries of environmentally and economically beneficial approaches to organic waste management.

25. The WEC is the site where UNIBEST International has been incubated since August 2012. UNIBEST International in an innovative firm that is developing new technologies to monitor and test water and soil.

26. WEC/WWCC staff is working with the DOE to create the project sponsor commitments required to support a year-round Washington Conservation Corps (WCC) six-member work crew in the Walla Walla Basin.

27. Conducted two studies of the Walla Walla Wine Cluster to determine the impact of that economic cluster of wine, hospitality and culture.

### Walla Walla Wine Cluster

Walla Walla Regional Wine Economy Growth, 2011 – 2013

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2013</th>
<th>Net Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct jobs in wine production and wine tourism</td>
<td>2,061</td>
<td>2,391</td>
<td>330</td>
</tr>
<tr>
<td>Direct wine cluster employment growth since 2001</td>
<td>76%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Total earnings generated by the wine cluster | $96 million | $111 million | $15 million
---|---|---|---
Wine cluster jobs, including multiplier effects | 6,003 | 7,003 | 1,000
Total regional earnings | $230 million | $270 million | $40 million
Total jobs projected to be dependent on wine cluster in 2017 | 8,913
Percent of all jobs dependent on the wine cluster | 14.4%
Projected % of all jobs dependent on wine cluster in 2020 | 19.8%
Regional economic growth since 2007 | 9%
Regional economic growth since 2007, absent wine cluster | 2%

Conclusion:
- Wine Cluster development continues to be a significant driver in the IPZ. It is estimated that growth in this cluster has added 1,000 jobs and $40 million in earnings to the regional IPZ economy since 2011. While the Cluster Study shows regional earnings of $270 million attributable to the Wine Cluster, the Washington State Wine Commission's study shows an even more optimistic $500 million impact in 2012 for Walla Walla County alone.

**WWCC Center for Enology and Viticulture**
- College Cellars wines won ten medals at the Seattle Wine Awards: Six Double Golds, one Gold, two Silvers, and one Bronze. Additional accolades include:
  - 2011 Malbec – Silver, San Francisco International Wine Competition
  - 2011 Scholarship Red – Best Bordeaux-Style Blend and Double Gold, Indy International Wine Competition
  - 2012 Cabernet Sauvignon Ice Wine – Silver, Indy International Wine Competition
  - 2011 Cabernet Sauvignon – Silver, Indy International Wine Competition
  - 2012 Chardonnay – Silver, Indy International Wine Competition
  - 2012 Riesling – Silver, Indy International Wine Competition
  - 2012 Syrah – Silver, Indy International Wine Competition
Walla Walla Community College Wine Country Culinary Institute

Enrollment in Culinary Arts since 2007:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>52</td>
</tr>
<tr>
<td>2008-09</td>
<td>58</td>
</tr>
<tr>
<td>2009-10</td>
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<td>2011-12</td>
<td>61</td>
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<tr>
<td>2012-13</td>
<td>84</td>
</tr>
<tr>
<td>2013-14</td>
<td>93</td>
</tr>
<tr>
<td>Grand Total</td>
<td>454</td>
</tr>
</tbody>
</table>

- Wine Country Culinary Institute enrollment increased 11% from 2012-13 to 2013-14. Since 2011-12, Institute enrollment increased 52%. There is currently a waitlist to enter the program.

Blue Mountain Station

- In 2013 the Port of Columbia County applied for and received $240,000 in construction funds from CERB to connect the sanitary sewer system at Blue Mountain Station to the City of Dayton sewer treatment plant to meet critical infrastructure requirements and allow a local business to expand.
- In late 2013 construction of the Artisan Food Center was completed. It is now home to four artisan food processing tenants; a commercial garden operation; a commercial kitchen; and the Blue Mountain Station Co-op Market.

Alternative Energy

Department of Commerce WWCC Energy Grant

- 10 KW Bergey Excel 10 wind turbine installed on campus. It was on-line July 29, 2014.
- 10 KW Ventura wind turbine ready to install on campus
- Final planning stages for installation of 850KW wind turbine in partnership with the Washington State Penitentiary, Schneider Electric (ESCO), and Washington State Department of Enterprise Services, Energy Division.
- Pursuing feasibility of installing a 10 KW Bergey wind turbine at the City of Walla Walla Land Fill.
- Established a CNG filling station on WWCC campus
- Installed solar arrays on two buildings on the WWCC campus. Combined capacity of the two arrays is 147 KW.
Water

The William A. Grant Water and Environmental Center (WEC) at the WWCC, constructed and later expanded in part with State Commerce grants to the IPZ, provides research, planning and management space for five co-located partners: Department of Natural Resources staff of the Confederated Tribes of the Umatilla Indian Reservation (CTUIR), the Department of Ecology (DOE), the Walla Walla Watershed Management Partnership, the Sustainable Living Center (SLC), and UNIBEST International.

- WEC/WWCC invested $115,000 in lab equipment to establish fresh water mussel and lamprey propagation research in cooperation with the CTUIR.
- Through a Legislative appropriation, WWCC was able to purchase a mass spectrometer that increases the capacity in the soil and water quality lab.
- WEC/WWCC partnered with the SLC to conduct energy audits for local small farms and wineries; SLC then helps those businesses access incentive programs for making energy efficiency improvements.
- WEC/WWCC staff is working with the DOE to create the project sponsor commitments required to support a year-round Washington Conservation Corps (WCC) six-member work crew in the Walla Walla Basin.
- UNIBEST has hired four WWCC/WEC graduates into full-time positions and WEC/WWCC is providing student interns to assist UNIBEST with conducting a long-term water quality study on Mill Creek.
- Since 2012, UNIBEST has:
  - Seen its operational budget increase by approximately 100%, from $225,000 in 2013 to $410,000 in 2014.
  - Increased staffing from 12 FTE to 19 FTE, and has three WWCC interns.
  - Signed a new ten year (multi-million dollar) agreement with Winfield Solutions (A Land O’ Lakes Company). Agreement covers distribution of AG Manager product line for measuring bio-available levels of soils nutrients within agricultural soils (includes both our capsule platform and patent pending systems for in-season testing)
  - Developed initial Ag Manager Handbook and a new professional training video for agricultural training and marketing.
  - Initial FIA flow injection system installed for NO3 and NH4 measurements
  - Manufacturing new leaching trays for agricultural testing laboratories
  - Database and testing on two crops and initial planning and development of water quality sampling strategies.
  - Purchased a new FIA unit which allows automated measurement capabilities for nitrate and ammonium
  - Received new patent for next generation systems (US patent number 8,763,478 B2)
- Developed and launched new website for water quality monitor [www.ecotrackservices.com](http://www.ecotrackservices.com)
- Eco-Tracker Handbook for water quality testing was developed.
- Development of new agricultural partnerships (Wilbur Ellis, Aspect Ag and Thompson’s Limited in Ontario Canada). Trials with other large agribusinesses in the US including Simplot and Helena
- Completing year two of water quality testing for the Walla Walla basin (in partnership with WWCC and multiple stakeholders)
- Developed new patent pending systems for automating resin system cleaning and leaching for laboratories
- Updated procedures for resin system usage and laboratory protocols.

### 6. What funds are received by the IPZ from all sources?

<table>
<thead>
<tr>
<th>Funding Sources</th>
<th>FY 14</th>
<th>FY 15</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Local</td>
<td>$115,000</td>
<td>0</td>
<td>$115,000</td>
</tr>
<tr>
<td>State</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Federal</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td><strong>$115,000</strong></td>
<td><strong>$0</strong></td>
<td><strong>$115,000</strong></td>
</tr>
</tbody>
</table>

### Additional notes

**Wish List for Present and Future Initiatives**

- Identify and secure financing to support IPZ operations and staff to coordinate and administer IPZ activities. ($450,000)
- Establish a Rural Center for Entrepreneurship (yr. 1: $475,000, yr. 2: $600,000)
- Establish partnerships and programs that increase access to public baccalaureate education at WWCC
- Strategically establish applied baccalaureate programs at WWCC. Preliminary investigations have been made into establishing an applied BA in accounting, hospitality and tourism, WWCC water programs (watershed management, watershed ecology, and irrigation technology). (cost to be determined)
- Run 96-strand fiber optic cable from the IPZ to City Hall to provide adequate broadband internet access for Zone partners. ($200,000)

Infrastructure to support an innovation partnership park within the re-designated and expanded Zone, a park that provides options to firms, businesses and other organizations seeking flexible property arrangements. ($1,500,000).
Willapa Resource Utilization and Renewal

Innovation Partnership Zone (IPZ) Biennial Reporting

This report must provide information for your zone on its objectives; funding, tax incentives, and other support obtained from public sector sources; major activities; partnerships; performance measures; and outcomes achieved since the inception of the zone or since the previous biennial report.

IPZ:
Willapa Resource Utilization and Renewal

Partners:
Port of Willapa Harbor
Pacific County Economic Development Council
Olympic Natural Resource Center
Pacific Mountain Workforce Council

1. What are the objectives of your Innovation Partnership Zone?

• To expand the natural resource based economy including aquaculture/seafood, forest products and agriculture.

• To protect and enhance sustainable natural productivity of resource lands.

• To develop new products from coastal resources.

• To ensure business infrastructure is maintained and expanded.

• To grow human capital.

• To develop the Willapa brand.
2. What tax incentives or other support have you obtained from public sector sources?
Council were used to complete a county wide resource and waste inventory.

3. What major activities have you completed or achieved since your IPZ designation?
- Sea Ranching: We have started a working group that is coordinating with the State Fish and Wildlife Commission to develop policies for sea ranching. Sea ranching would allow private businesses to raise, release and harvest salmon and/or other species.
- Waste Inventory: We have completed an inventory of local waste streams and assessed the feasibility of developing products from these wastes.
- County Wide Business Data Base: We are developing a county wide business data base, which will allow us to create business linkages and networks.
- Forest Biomass Coordination Group: We have been invited to participate in the state’s Forest Biomass Coordination Group and are assessing several wood waste energy projects.

4. What are your performance measures?
Performance measures include job creation, apprenticeships, new business startups, new products and increased productivity.

5. What outcomes has the IPZ achieved since the last biennial report (2012) or since the inception of your zone (i.e., jobs created, patents pending or received)?
- We anticipate the IPZ initiatives to generate additional outcomes as work continues.

6. What funds are received by the IPZ from all sources?

<table>
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<tr>
<th>Funding Sources</th>
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<th>Total</th>
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</tr>
<tr>
<td>Total Budget</td>
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</tbody>
</table>

We receive no IPZ funding beyond in-kind contribution of wages from participating partners.
We have not realized the full potential of the Willapa IPZ, because we have no dedicated staff time to commit to this effort and no dedicated funding.