

## Tri-Cities Research District, IPZ Business Plan

**Vision & Mission.** The following Vision and Mission Statements were approved by the Board of the TCRD at its December 2007 meeting. The Goals, Strategies, and Activities are a synthesis of those recommended in the 1995 Science and Technology Park Strategic Plan, the 2006 Angelou Economics plans and the 2007 State Innovation Partnership Zone application.

**Vision Statement.** The Research District's vision is to be a world-class location for companies to grow and collaborate for the advancement of science and technology.

**Mission Statement.** The mission of the Tri-Cities Research District and its Partners is to provide access to the technical, labor, and capital resources needed by technology companies to successfully develop, commercialize, and market their products globally.

**Targets.** The Tri-Cities Research District focuses is on the following target areas: Clean energy, biosciences, environmental technologies, and computation/software.

**Goals.** The following goals have been endorsed by the TCRD board of directors as part of the 2007 IPZ.

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.

**Leadership/Governance:** The intent of the Tri-Cities Research District (TCRD) is stated in the Vision and Mission Statements which introduce this business plan. A 501 (c) (6) corporation has been created and is managed by a Board of Directors of up to 15 members. The Board is comprised of major landowners, major building tenants, area cities, TRIDEC, WorkSource Columbia Basin, Columbia Basin College and local jurisdictions. Bylaws allow for the hiring of an Executive Director (or a Park Director) however, due to funding at this time a portion of the Director of Economic Development & Governmental Affairs for the Port of Benton's time is to serve in this capacity.

The bylaws call for the creation of an Executive Committee, consisting of the major landowners, a Marketing Committee, including TRIDEC as an ex-officio member, and a District Development Committee that focuses on recruitment and commercialization.

**Management Team, Roles, Investment and Sustainability Plan.** The Research District will be managed by the Board of Directors and its Executive (Management) Committee at such time as the hiring of an Executive Director shall be deemed to be necessary.

- **It is understood that it will be necessary for the partners to negotiate a Memorandum of Understanding that will describe their individual and joint commitments and responsibilities to the management and operation of the district.** MOU's are commonly-used by public-private partnerships that seek to collaborate in both financial and non-financial terms. The MOU will need to specify the nature of the in-kind and financial contributions to the Research District by the various partners and to identify some legal mechanism that insures that the contributions actually occur. The contributions identified later in this Business Plan represent suggestions made to the partners in the Angelou-Economics study but have not been agreed to by the partners. Innovation Center at TCRD, LLC, the largest private sector landowner in the district, was not involved in the district at the time of the study. Within the framework of the MOU to be negotiated, however, it is understood that each of the property owners and the various public entities will retain sufficient flexibility to allow them to meet their public and corporate commitments and responsibilities.

**Investment & Sustainability Plan.** It is anticipated that most of the development costs associated with land and capital investment in the district will be the responsibility of the landowner, with such help as may be available in the form of grants or other types of assistance.

AngelouEconomics envisioned a financial structure for the Research District that included to regular financial contributions from some of the partners and in-kind or staff contributions from others. This concept is well-understood by the partners but they have not, as yet, agreed on the specifics. These will need to be formalized in the Memorandum of Understanding between the partners (discussed above). Units of government are unable to commit to funding beyond the current fiscal year. The following suggestions made by the consultants are included here as a guide.

- **PNNL.** PNNL's Economic Development Office already provides many information services, research, and activities that will be important to marketing the Research District.

- **TRIDEC.** The consultants recommended that the partners enter into at least an interim agreement with TRIDEC for marketing services. Currently the Port of Benton called out assistance from TRIDEC to support the TCRD within their contract. Via the contract TRIDEC is responsible for undertaking research on targeted companies, providing local event and trip support, and undertaking recruiting trips.
- **Port of Benton.** Provide ¼ staff person to assist with content generation; trips; prospect calls and \$10,000 a year for marketing and other expenses.
  - **Zone Administration.** Over the four-year period of IPZ designation and funding the Port of Benton (zone administrator) will incur certain expenses related to the management and administration of the zone. This includes staff time, and expenses, limited use of consultants, and other zone-related expenses. Total project cost. (Estimated \$100,000).
- **City of Richland.** Provide ¼ staff person to assist with content generation; trips; prospect calls and provides \$25,000 a year for marketing and other expenses.
- **WorkSource Columbia Basin.** Provide linkage and coordination with employers for Workforce Investment Act (WIA) funded internships for students and unemployed workers in the Innovation Zone.

#### **Employment and Training Projects:**

- **Internships for students and unemployed workers for Zone Companies.** Training and education activities for the workforce will be provided by Washington State University (WSU) and Columbia Basin College (CBC). WorkSource Columbia Basin will coordinate Workforce Investment Act funds to support training individuals in the skills identified within the IPZ. It is hoped that funds can be obtained from other sources to provide internships for individuals that do not meet the qualifications for WIA. WorkSource Columbia Basin will also ensure employers in the Zone have access to all publically funded labor exchange resources available to them as needed.

Total project cost: dependent upon funding

- **WSU-TC.** Provide 1/8 staff person to assist with Intern management; content generation; prospect calls and one Professor/Intern team to do market and prospect analysis. WSU-TC will continue to offer its traditional intern program to qualified entities and applicants.
- **Columbia Basin College.** Provide training within the framework of their relationship with the Benton Franklin Workforce Development Council.
- **Benton County.** Provide \$25,000 a year towards marketing.

- **City of Kennewick.** Provide minor staff support and \$25,000 a year for marketing and other expenses.
- **City of West Richland.** Provide minor staff support and \$5,000 a year for marketing and other expenses.
- **City of Pasco.** Provide minor staff support and \$10,000 a year for marketing and other expenses.
- **Innovation Center at TCRD, LLC.** They will coordinate the master planning for the undeveloped portions of the Research District at a cost of approximately \$65,000,000 (their share) as well as contribute approximately \$100,000 a year toward recruitment and promotional marketing (in kind)

**Strengths of the IPZ.** The TCRD has a knowledgeable and skilled workforce, infrastructure, developing technologies from PNNL, WSU and their BSEL facility, availability of land and investment taking place in development of new world class research facilities. Its greatest strength however, is the shared vision of the broader community seeking to support its success in its efforts to diversify our economy.

**Long-term market growth for technology.** In 2005, AngelouEconomics provided a report of target industry recommendations to the TCRD. The reports expanded on each of the areas along with their future growth and opportunities. The board has chosen to focus on two of recommended areas, clean energy and biosciences due their potential. Since 2005 we have continued to work with our partners PNNL and WSU TC so that we remain close to these industries. We continually seek experts within these fields so that we can identify opportunities and ensure that our IPZ area is creating an environment that is supportive to them.

In addition, as part of our efforts to support the Mid Columbia Energy Initiative, a survey was conducted, November 2010 in partnership with TRIDEC of our areas technology and manufacturing companies. The objective of the survey was to identify barriers to growth for companies within the technology and manufacturing sectors, suppliers they are seeking to be around them, and policy or regulatory issues that are preventing their company growth. This has provided us with additional information that we are now incorporating into our legislative and policy discussions as well as, recruitment strategies.

**Entrepreneurial Climate & Commercialization Plan.** Coordinated and cooperative marketing of the available properties in the district is one of the most important aspects of the Research District and Innovation Zone concept. Creating a district or an innovation zone does little good unless it can grow and be used to generate new jobs and tax base for our local and state economies.

It seems clear that the marketing of the various undeveloped property in the zone will be more successful if it is marketed cooperatively instead of individually. There will be more name recognition and more economies of scale. However, real estate marketing programs are expensive and each of the governmental partners already supports the regional broader marketing efforts of the Tri-Cities Development Council (TRIDEC).

The Angelou Economics plan made the following marketing recommendations that remain valid today and create an environment that supports entrepreneurialism and commercialization. Also included are current comments on items that we have taken active action to implement.

- **Promote “technology” as a top target industry for the Tri-Cities.** The selection of target industries is a necessary action by state and local economic development agencies so that all marketing, workforce, and incentive policies are focused on areas with a high chance of success. This is being done not only by promotion to the TCRD, IPZ but also the regions Mid Columbia Energy Initiative.
- **Establish a Leads Network within the Tri-Cities to share information on technology companies in target industries.** Many economic development prospects are found through a local network of companies, service providers, and government. Create a system that will pass leads to the new Executive Director and direct collaborative action toward the prospect. This is currently be done by work with PNNL and the Mid Columbia Energy Initiative.
- **Find opportunities to build local awareness of the Tri-Cities Research District by placing PNNL-sponsored pilot projects throughout the Tri-Cities.** Pilot projects in all parts of the Tri-Cities will build “regionalism” in support of the Research District. (The same can be said for demonstration test-bed projects for local sustainable development technologies). Currently there is one project tied to PNNL located in Kennewick, PNNL also has a solar charging station on their campus and a modular home demonstration.
- **Invest in a Website.** Websites are a critical part of marketing for any organization, company, or community. The Research Districts high priority is to create a presence for itself on the Internet. Currently we have a newly updated site and are also working with the cities of Kennewick and Richland along with the Tri-Cities Regional Chamber on a Tri-Cities Business Builder site that will serve as a web portal for startup companies and entrepreneurs.
- **Focus early marketing efforts on a public relations effort aimed at raising awareness of the Tri-Cities and the research done at PNNL.** “Public relations” describes activities that seek to enhance overall visibility to a wide audience. Effective PR will create awareness of the District so that other more direct marketing activities are more effective and successful. We are currently working with our private partners to coordinate our efforts with their PR firm.
- **Join relevant associations featuring the target industries identified in this Plan and attend their tradeshow and conferences.** Industry associations and their tradeshow provide excellent opportunities for networking and marketing the Research District. Show have been identified by our District Development Committee and attended regularly by ourselves or along with TRIDEC.
- **Conduct four marketing missions each year to target industry cities.**

Relationship building face-to-face with companies is an important part of marketing and recruitment. Commit the time and budget to meet with target industry executives and visit peer research parks. This item has been built into the Port of Benton's annual marketing agreement with TRIDEC with focus on the TCRD.

- **Identify a national broker-partner to assist with marketing and negotiations.** Real estate brokers are a top 3 source for attracting tenants to research parks. TRIDEC fulfills this role as our ADO by attending site consultant tradeshows and meetings.
- **Consider hiring an outside PR consultant with excellent contacts at major industry publications.** Enhancing the perception of technology expertise and opportunity in the Tri-Cities can be help through placing articles. PNNL has assisted the TCRD with this effort due to budget constraints.
- **Form a Content Committee to generate new material to be used in District public relations efforts.** Technical brochures have been developed by PNNL for our energy sector target.
- **Pursue stronger co-branding of the District and the region with PNNL.** Co-marketing is a highly recommended tactic to leverage the interests of numerous entities for a common purpose: better awareness. PNNL will benefit from a long-term co-marketing campaign with the Research Park and TRIDEC.
- **Support and promote networking by local institutional researchers and industry executives.** Professional interaction among peers is an excellent source for business development and encouraged entrepreneurial activity.
- **Recruit additional conferences to the Tri-Cities in technology industries.** "Showcasing" the District by the use of conferences will be an effective marketing tool.
- **Create a distinct marketing effort aimed at service providers to technology companies.** Site selection and corporate strategy is now included in the domain of service providers such as construction companies, accountants, lawyers, and developers. These service providers will help to build a support system for entrepreneurs.
- **Target science non-profits to relocate to the Research District.** Numerous technology and science associations and institutes have been formed to promote the education and adoption of new technologies and to ensure that political support for these technologies remains strong. Identify associations in the Research District's target industries to establish relationships with the Tri-Cities and in the future establish local offices.
- **Include international firms as part of the external marketing targeting effort.** The State of Washington has historically been a point of entry for Asian firms accessing the U.S. market. Today, Asia has been a research powerhouse in

numerous technology sectors, including biotechnology and electronics. We are working with the Tri-Cities Investment District to market to these clients.

Approximately \$100,000 of administrative funding would be used to help initiate the marketing recommendations, many of which are underway. A specific breakdown of these line items has been developed into the TCRD's marketing that has more specific strategies for commercialization and recruitment along with our annual action plan.

**Accomplishments/progress to date.** During 2007, the partners increased their efforts to begin to implement the AngelouEconomics plan recommendations following our initial 2007 IPZ designation. A summary of the accomplishments since 2007 is listed on Attachment 1 to this plan.

It has been our shared vision and master plan that has allowed us to develop projects, create awareness and begin to brand our region beyond Hanford. The City of Richland led the way with a \$2.4 million reconstruction of First Street, a major east, west corridor between Steven and George Washington Way that was completed April 2010. It is now considered one of the major entries to the District and WSU Tri-Cities campus. The Street has been renamed University Drive to more appropriately reflect its prominence to WSU Tri-Cities. The Port renamed one of its central properties within the district the Richland Innovation Center again to reflect our future vision.

The reconstruction of University Drive paved the way for the private development by Innovation Center at TCRD, LLC on 90 acres located on the north side of University Drive. They have identified approximately \$65 million in new infrastructure and buildings to be completed during 2011. An \$8.5 million, 48,000 square foot, LEED-certified, Class A Spec Building is currently under construction to be completed this fall. A second building of 20,000 sq ft is also being built with WSU TC scheduled to teach classes within it starting in August 2011. Three additional buildings are planned to follow that will offer a mix of office and laboratory space. We also are expecting nine acres of new commercial space to start construction September 2011.

Just to the west of new University Drive; the City of Richland and Port of Benton have partnered on a 10 acre energy demonstration park around the utilities substation. Energy technologies from InnoVaTek, Infinia and others are expected to be utilized there. PNNL also has two modular homes that plan to demonstrate the benefits of smart grid to the average homeowner. This project will be connected with their Electrical Integrated Operations Center. The Port of Benton also has partnered with WSU TC and PNNL on a \$1.5m BioChem Cat process to create biofuels, energy and chemicals. This project will be demonstrated over the next two years with plans to go to commercial scale.

The City of Richland has formed a Public Development Authority and the Port of Benton is providing approximately four acres of property to build the State's 43,000 sq ft Wine Science Center on WSU TC campus. The States Wine Commission has dedicated \$7.4 million towards construction (est. overall cost of \$24m) over the next 10 years from future wine sales and private fundraising is being led by Ted Baseler, President and CEO of Ste. Michelle Wine Estates, and Chair of the Wine Campaign.

Our trip to China September 2010 along with Governor Gregoire has lead to the development of the Tri-Cities Investment District EB5. There was also follow up tied to the China trip from potential foreign investment in energy technologies and possibly

expansion of Chinese companies seeking a US presence. The Tri-Cities Investment District has been formed as a result and we are awaiting the final approval to be an EB 5 regional center. Tied to the investment district are three projects (corporate villas, apartments and hotel, approx value \$45m) currently submitted for building permit that support the continued development of an attractive environment for the TCRD. Stew Stone, master developer of the Horn Rapids Golf Course Community that has been leading this effort in support of the TCRD and the projects are located just west of the TCRD boundaries.

Commercializing technologies and showcasing them outside of the district at a larger scale has also been a priority of the TCRD. The TCRD along with TRIDEC and the Tri-Cities Local Business Association started the Mid Columbia Energy Initiative (MCEI) to assist in coordination of projects and rebrand efforts for our region. MCEI brings together our companies, 10 utilities in the regional along with community partners to move projects. This has resulted in a community request to the Department of Energy to release 1,341 acres as a phase I transfer to provide the community a mega site for recruitment. The MCEI vision and land request is being fully support by our federal Congressional delegates.

The district has worked with our local legislators to host Clean Energy Day for the last three years in Olympia. The event in 2011 was partnered with Greater Spokane Incorporated and Clean Technology Alliance out of Seattle. We had a large number of attendees, legislators and fifteen companies from the UK also joined us. The event was sponsored by the TCRD, Tri-Cities Regional Chamber, Greater Spokane Incorporated and Boeing.

All of this has led to conferences being held related to the target sectors of the district, tours being provided to prospects, local elected leaders, state and federal boards. This has driven a stronger internal focus on direct marketing to companies and development of projects of key facilities or equipment to drive commercialization. We thank Governor Gregoire along with the State Department of Commerce for being supportive partners and the Governors introduction to our video that is played on the web, to prospect and during trade shows.

In the end, it is our cooperative partnerships that have driven the success the Tri-Cities Research District to date. We look forward to the challenge and work ahead; looking around the corner to making sure that "What's Next, Starts Here".

### **Plan for measuring and reporting**

The TCRD board members contribute to the quarterly report on the status of our annual work plan. It is then reviewed by the full board and posted to our website. The quarterly report identifies responsible parties for the strategy or activity to occur, date due and dollars along with the source of the funding to support the activity. This allows us to measure our success, identify our obstacles and continue to press on actions that lead to implementation of our four goals.



The following is a list of our accomplishments to date:

- The Tri-Cities Science and Technology Park was renamed the Tri-Cities Research District (TCRD) and an expanded board was created with new Bylaws.
- The size of the Research District was reduced from 4,500 acres to 1,600 acres allowing for more focused development. Then finally adjusted to 1,700 acres to capture major facilities used by PNNL to the north.
- Several of the major landowners executed a series of MOUs and development agreements designed to make the future development of the area as seamless as possible. These included agreements to retain consultants to undertake a \$500,000 Master Plan covering approximately 400 acres of land in the district. This planning effort was completed November, 2008.
- Construction began on PNNL's \$224 million Physical Sciences Facility at the northern boundary of the PNNL campus. Approximately 450 employees will work in the newly constructed 300,000 square-foot facility.
- PNNL also began efforts to extend the life of four buildings in the Hanford 300 area at the northern boundary of the Research District. The Department of Energy decided to continue PNNL's nuclear material handling in these buildings instead of constructing new facilities.
- The community requested that the special Use Permit which allows the PNNL operator to perform R&D work for private clients, be retained in the upcoming U. S. Department of Energy process for re-bidding the contract to operate PNNL. Subsequently, an omnibus spending bill passed by Congress and signed by the President required the inclusion of the Use Permit in the new management and operating contract for PNNL, at least for another year. This capacity to do private work at PNNL is considered important to the future growth of the TCRD.
- PNNL received approval from DOE to complete two additional facilities in the TCRD. These were financed and built by a third-party developer: the Biological Sciences Facility and the Computational Sciences Facility. Each contains 74,000 sq.ft, are located adjacent to one another in the northwest part of the PNNL campus at a cost of about \$80 million.
- Battelle and WSU TC, along with the community school districts, are seeking to fund a 35,000 square foot Science, Technology, Engineering and Mathematics (STEM) high school that will be located in the TCRD. The schools initial location will be downtown Richland and over 100 students have applied for the 2009-2010 school year.
- Diahann Howard, Manager of Economic Development and Government Affairs for the Port of Benton, was named executive director of the Research District as

well as administrator for the state-designated Tri-Cities Innovation Zone. The Port of Benton provides an in kind contribution to support the districts efforts.

- TRIDEC dedicated \$20,000 in funding and developed part of its 2009 annual work plan with a focus on the TCRD target markets.
- Battelle Foundation awarded the TCRD \$100,000 to support operations beginning in August, 2008.
- The Washington State Legislature approved the Innovation Partnership Zone program in 2007. The Port of Benton, on behalf of the TCRD, applied for and received designation in October, 2007. In 2008, the zone was granted \$257,000 towards capital projects such as website, entry signs and First Street funding within the TCRD.
- Lockheed Martin, in fall of 2008 opted to support the district with \$150,000 of in kind contributions toward graphics, communications and trade show displays for the district.
- PNNL and Mission Support Alliance, LLC team to host a quarterly TCRD Speaker Series for the community, stakeholders and investors.
- 2009, the Cities of Kennewick and Richland have provided \$20,000 per city to support the marketing efforts of the TCRD. The City of Pasco has joined the board.
- February 2009, TRIDEC, TCRD and the TCLBA coordinated a joint meeting with local utilities, BSEL, PNNL and others around the development of a DOE clean energy park. This is now known as the Mid Columbia Energy Initiative.
- March of 2009 \$1.68 million was awarded in partnership to the City of Richland, Port of Benton and WSU-TC along with their private partners for the reconstruction of First Street.
- April 2009 a quarterly TCRD e-newsletter is launched.
- July of 2009 City of Richland announced it energy demonstration site along western boundary of TCRD.
- October the boundaries of the TCRD were expanded to include DOE's Radiochemical Laboratory in the 300 area expanding the district boundaries to 1,700 acres.
- November 2009, Port of Benton as the IPZ administrator partnered with the City of Richland to apply for State IPZ funds and was awarded \$275,000 towards a broadband project of \$1.2m.
- November of 2009, the Tri-Cities Research District 501 c 3 foundation was applied for.

- TCRD co sponsors Clean Energy Day in Olympia February 4<sup>th</sup>, 2010
- April 30, 2010 \$2.4m First Street reconstruction project is completed and renamed University Drive.
- June of 2010, Port of Benton provides \$1m federal appropriation to partners WSU BSEL, PNNL and Clean Vantage on a \$1.5m Bio Chem Cat project.
- September 2010, TCRD and TRIDEC attend recruitment trip to China with Governor Christine Gregoire.
- January 2011, Innovation Center, LLC begins construction of 48,000 sq ft office facility and another 50,000 sq ft facility along with interior roads. Approx investment is \$65m in 2011. 9 acres purchased from the Port of Benton for commercial development.
- February 16, 2011 TCRD host Clean Energy Day with Clean Tech Alliance and Greater Spokane Incorporated. Boeing is a key sponsor.
- May 31, 2011 TRIDEC, Benton County, City of Richland and Port of Benton request 1,341 acres of southern boundary of Hanford site to be a foundation for future development in north Richland.
- July 2011 Washington Wine Commission pledges \$7.4m towards construction of 43,000 sq ft Wine Science Center to be located on entry of the TCRD.
- August 2011, Tri-Cities Investment District, EB5 is formed and TCRD is supportive partner.