



CTED

**Community, Trade and
Economic Development**

2009-2015 Strategic Plan

CTED invests in Washington's communities, businesses and families
to build a healthy and prosperous future

June 2008
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ORGANIZATION DESCRIPTION

The Department of Community, Trade and Economic Development (CTED) is a medium-sized, cabinet-level state agency charged with carrying out the state's executive and legislative priorities.

CTED has eight divisions, six of which provide direct services in support of our mission: Community Services, Energy Policy, Housing, International Trade and Economic Development, Local Government, and Public Works Board. The other two divisions, Administrative Services and Financial Services, provide internal support to the agency. CTED also houses several independent state policy councils, including the State Building Code Council, Developmental Disabilities Council, Tourism Commission, and Energy Facility Site Evaluation Council. We have statutory relationships with the Community Economic Revitalization Board, Washington State Affordable Housing Advisory Board, Economic Development Commission, the Governor's Council on Substance Abuse, and the Public Works Board.

CTED is responsible for providing services that advance the economic, social, and physical well-being of Washington citizens. This includes: analyzing, developing, and implementing state policy and procedures; developing and administering programs; establishing management systems; distributing funds; providing training and technical assistance; facilitating state and local planning; collecting and analyzing data; investing in critical projects and services; evaluating results, researching best practices and implementing changes to improve performance; and ensuring the appropriate use of resources.

We administer more than 180 programs, using state, federal, private, and local resources. These programs support state and local efforts to attract, retain, and expand business activities; provide sound policies for managing growth and better managing energy resources; increase international trade and tourism; develop affordable housing, community facilities, and infrastructure; and provide support services for vulnerable populations to assist in times of crisis, and help them to achieve self-sufficiency.

We work closely with numerous partners to develop and implement programs and policies. Our partners include local governments, tribes, nonprofit organizations, business and industry, and community groups, as well as other state and federal agencies. We recognize that integration multiplies the effectiveness of our people and programs. At the same time, we recognize the challenges present in an organization with 180 programs, and regulatory and statutory requirements with different objectives and priorities. Thus, we continually work to improve systems in order to better coordinate and integrate resources in support of our five strategic goals.

CTED's strategic plan is designed to fulfill our mission of investing in Washington's local partners to create and maintain safe, healthy, and vibrant communities. The plan represents our intention over the next six years to work together as an integrated, coordinated agency within the broader state enterprise.

VISION, MISSION, GOALS AND VALUES

Vision	<p>CTED's strategic plan is built on a hierarchy of increasing detail, from Goals to Objectives to Strategies. Because of the diversity of programs and services we deliver, each program content area uses the agency's goals, objectives, and strategies to build a business plan containing the specific action steps necessary to achieve the goals and objectives. In addition, each CTED employee builds a Performance Development Plan based on the agency's goals, objectives, and strategies and on program business plans. Therefore, every individual in the agency is able to understand and embrace the elements of the strategic plan and clearly see how their own activities contribute to fulfilling CTED's mission.</p> <p>Underlying CTED's methodology is the knowledge that the success of the state is the success of its communities and its citizens. We also recognize that success includes linking our communities and citizens to the national and international communities. For our strategies we build upon the framework of these linkages and seek improvements within our five goals.</p>
Multiply the value of our people, programs, and performance through the power of working together.	
Mission	
Invest in Washington's communities, businesses and families to build a healthy and prosperous future.	
Goals	
<ul style="list-style-type: none"> • Build liveable, vibrant communities that meet the economic, environmental, and social needs of citizens. • Prepare the state to compete in a global marketplace. • Move low-income and vulnerable families to self-sufficiency. • Improve the health and safety of communities and families. • Provide bold leadership and exceptional service. 	
Values	
<ul style="list-style-type: none"> • Stewardship • Accountability • Integrity • Leadership • Teamwork 	
Director's Principles	
<ul style="list-style-type: none"> • Reflect integrated approaches across programs, divisions, agencies and levels of government that demonstrate our role within a larger system. • Drive integration from the customers' perspective; presenting a single face of assistance that is fast, accessible, closer to one-stop, simple, and easier to navigate. • Seek more flexible funding and fewer conditions on spending. • Measurably increase productivity and demonstrate value to stakeholders and funders. • Support the values of local self-determination, self-sufficiency and sustainability. • Be realistic and complete with specific action and implementation steps. • Provide more flexible and effective targeting of investments to meet policy leaders' direction. • Strengthen our strategic partnerships with local governments and workforce development. 	

OBJECTIVES AND STRATEGIES BY GOAL

GOAL 1: BUILD LIVABLE, VIBRANT COMMUNITIES THAT MEET THE ECONOMIC, ENVIRONMENTAL, AND SOCIAL NEEDS OF CITIZENS

OBJECTIVE 1.1: Retain or create 10,000 jobs above the county average wage by 2014.

Lead Division: International Trade and Economic Development

Priorities of Government Linkage: Improve the economic vitality of business and individuals.

Jobs that pay above the county average create the future that Washington wants for its citizens, and contribute to the success of several other CTED strategies including business recruitment, poverty reduction, and housing affordability. This objective addresses Governor Gregoire's economic plan, The Next Washington, which establishes multiple initiatives to improve the prosperity of families and communities, including:

- Align economic development and workforce development.
- Establish a regional approach to economic development, promoting industry clusters, and establishing Innovation Partnership Zones.
- Develop tourism as a key component of the state's economic development.
For more information on CTED's tourism efforts, please see the Tourism Commission strategic plan.

Creating quality jobs for Washington citizens requires strategies around business recruitment and expansion, expanding markets for Washington products, and supporting local governments and other economic development organizations to work in partnership with each other and with CTED.

Strategy 1.1.1: Increase financial and technical assistance delivered through regional offices by adding five employees in 2010 and seven employees in 2011.

Regional Services staffing provides direct support to increase local business recruitment and retention expertise. Access to consistent technical assistance to align and develop economic strategies, then to capitalize and implement regional economic development priorities multiplies available local resources. By adding to Regional Services capacity, CTED increases the number of rural communities that can plan and implement their economic futures. Regional Services staff can assist by identifying and providing opportunities for financial assistance, and by providing technical assistance directly to businesses considering expanding or relocating to Washington and to local governments and economic development organizations to ensure local alignment of permitting, zoning, infrastructure, site planning, and financial investment strategies.

Strategy 1.1.2: Design a new regional funding program for economic development and site readiness planning projects by 2011.

CTED's traditional project development processes for business retention, recruitment, and expansion have become extremely complex, especially the financial packaging. To remain competitive with global and domestic regions that vie for business, CTED must dramatically increase its project development activities, particularly for core industries such as manufacturing, research and development, and distribution/warehousing. This strategy would create a new fund to be administered by regional managers to provide local solutions not addressed by traditional tools and to generate substantial matching funds.

Strategy 1.1.3: Expand existing statewide financial programs (CERB, LIFT, RTF, and IPZ) to stimulate local economic development by 2012.

Increased funding for CTED programs with strong track records of success will allow for maintaining staffing levels to create the capacity to handle a higher volume of contracts, financing feasibility studies and other project-related research, analyzing and reporting results, and promoting and developing the state's regional economies.

Strategy 1.1.4: Co-lead 12 regional cluster industry initiatives with the Workforce Board by 2012.

Greater coordination at the state, regional and local levels is essential to attract and retain high-quality jobs and to prevent a growing workforce shortage at all skill levels from impeding economic opportunity for Washingtonians and employers. The Governor's Next Washington plan calls for significantly expanding opportunities for Washingtonians to access college and workforce training, especially in fields in high demand in our economy. It also calls for improved partnerships among workforce and economic development efforts at the state and regional levels, including directing the Workforce Board to work with CTED and the Economic Development Commission to develop a plan to support workforce and economic development coordination at the state and regional levels, with a special emphasis on key economic clusters. A cluster-based strategy is viewed as a central organizing principle for joint activities and as an important means to close skill gaps.

OBJECTIVE 1.2: Improve statewide per capita energy efficiency by 10% by 2012, toward a goal of 20% by 2020.

Lead Division: Energy

Priorities of Government Linkage: Improve the quality of Washington's natural resources.
Improve the economic vitality of business and individuals.

Improving our state's energy efficiency has been a key energy policy of the state for decades. Governors' executive orders on sustainability and climate change, I-937 (The Energy independence Act), the Washington State Energy Code, the Evergreen Buildings Standard, and numerous other executive and legislative laws and policies all contain significant provisions around improved energy efficiency. This objective and associated strategies are designed to use the tools at CTED's disposal – including energy codes, funding for green buildings, internal sustainability activities, and planning – to help meet our state's 2020 greenhouse gas reduction goals while making energy use more economically efficient.

Strategy 1.2.1: Update the State Energy Strategy (RCW 43.21F.090) to incorporate policies that improve energy efficiency by 2011.

The State Energy Strategy was last updated in 2003. Since then, climate change has come to dominate state, regional, and national energy policy; energy prices have increased dramatically; and the benefits of energy efficiency have become even more apparent. The State Energy Strategy needs to be updated to reflect those new realities. While a number of important policies and programs are underway that will result in energy efficiency improvements, in-depth analysis and support will be required to ensure that these actions are as effective as possible. Also, additional policies and strategies will be needed to meet the requirements of the Climate Change Challenge and to achieve the maximum economic and environmental benefits of the energy efficiency objective by 2020. An up-to-date State Energy Strategy that includes all energy sectors will tell us how much more efficiency is needed and will guide the collaborative work needed to reach that target.

Strategy 1.2.2: Revise the Washington State Energy Code to require a 30% reduction in energy use in new buildings by 2011 and 50% by 2014.

The Washington State Energy Code provides minimum energy efficiency standards for new buildings and building components being replaced during renovation. Since the adoption of the first modern version of the Washington State Energy Code in 1990, the standard has been modified to provide incremental improvements in efficiency. However, several examples exist of stronger codes with achievable standards, including the Seattle Energy Code for commercial construction, the Federal Building Energy Code, California Energy Code, and the Energy Star Homes Northwest construction standard. In addition, the U.S. Department of Energy is supporting activities to achieve 30 percent improvement in the 2006 International Energy Conservation Code and the 2004 American Society Heating, Refrigerating, and Air Conditioning Engineers Standard by 2010. Code adoption in the state is on a three year cycle. The next cycle begins in 2009. The activity described here would occur over two code development cycles, achieving 30 percent savings in the first cycle, and 50 percent in the second cycle.

Strategy 1.2.3: Reduce CTED's carbon footprint by 50% by 2012.

Two governors' executive orders and new greenhouse gas emission reduction requirements compel CTED to take active steps to reduce the carbon footprint of our operations. CTED seeks to become a model and to "walk the talk," so that best practices can be passed on to our many community and local organization partners by calculating the existing agency carbon footprint, researching and selecting best options for reducing our footprint, developing a multi-year sustainability committee work plan, providing education to CTED employees, and measuring footprint reduction results annually as part of the agency sustainability report.

Strategy 1.2.4: Increase the number of green economy jobs to 25,000 by 2020.

(Also listed under goal 2)

Washington is a national leader in addressing climate change. ESSHB 2815 (Chapter 14, Laws of 2008) assigns lead responsibility to CTED for coordinating state efforts to identify and promote green jobs. Retaining and growing companies in the green economy is critical to Washington's economic vitality, and is also needed to attain significant energy efficiencies. The Energy Policy Office and International Trade and Economic Development division intend to actively participate in and promote additional green jobs.

Washington's focus on cleaner energy, smarter use of natural resources and adoption of advanced technology is creating good, family-wage jobs. Washington's Green Economy has already grown rapidly – up 45 percent between 1998 and 2004. Clearly, we have a competitive advantage: There is a 64 percent greater concentration of clean technology jobs in Washington State than the U.S. average. And, our advantages in global trade position us for greater success, if Washington can sell "green" innovations to overseas markets. However, competition is fierce. It is essential for Washington to create and implement a Green Economy Jobs strategy to protect our competitive edge in this emerging market.

Strategy 1.2.5: Improve energy efficiency of publicly-funded housing projects and programs by more than 15% through implementation of the Evergreen Sustainable Development Standard beginning in 2009.

The Evergreen Sustainable Development Standard was developed to comply with Chapter 39.35D.080 RCW. The standard applies to the building program for affordable housing projects that receive Housing Trust Fund funding in the state capital budget. The standard, to be implemented beginning in fall 2008, provides a 15 to 30 percent reduction in energy use compared to standard practice.

Strategy 1.2.6: Provide and promote use of energy-efficiency strategies, tools, and pilot programs for local land-use planning by 2011.

Local governments are required to develop and implement comprehensive plans, including land use plans. Additional tools and programs are needed to assist them in planning for development in more compact land use patterns that increase energy efficiency by supporting alternative modes of transportation, and include site design that supports conservation and renewable energy resources such as solar energy. Additional tools can help local communities to enhance urban forests and retain cooler temperatures, reducing energy used for cooling in the summer, and reducing the need for facilities (e.g. pumps) to handle storm water runoff.

GOAL 2: PREPARE THE STATE TO COMPETE IN A GLOBAL MARKETPLACE

OBJECTIVE 2.1: Recruit or expand 100 companies (manufacturing, distribution, research and development, or major corporate offices) by 2014.

Lead Division: International Trade and Economic Development

Priorities of Government Linkage: Improve the economic vitality of business and individuals.

Governor Gregoire's economic plan, The Next Washington, establishes multiple initiatives to improve the prosperity of families and communities, including:

- Promote export trade and encourage inbound foreign investment.
- Re-mobilize Team Washington for business recruitment, retention, and expansion.
- Move toward energy independence.

For these initiatives to succeed, the following strategies are essential to developing tools to assist and invest in local economic development projects and efforts. Increasing tools to enable local economic development readiness, assess local economic development potential, and ensure appropriate investments in local economic development projects will enable the focused service delivery needed for local economic development organizations, businesses, and projects.

Strategy 2.1.1: Make Washington the first choice location for foreign and domestic business by 2014.

Washington's world-class corporate identity helps differentiate it from most other states. Washington is often on the "Top Five" list when companies look to relocate or expand. This is especially true in primary industries such as aerospace, clean "green" technology, information technology, and life sciences. The challenge is to move Washington State from the "Top Five" to the final choice by implementing several action plans, including enhancing CTED's presence in overseas offices, staffing regional Washington offices, organizing business recruitment service providers statewide, implementing a marketing plan, researching best-fit and at-risk industries, and increasing Film Office staffing and activities.

Strategy 2.1.2: Assist 50 small to medium businesses to begin exporting, thereby increasing the products and services that are made in – and exported from – Washington State by 2012.

Washington is the most trade-dependent state in the nation. CTED's trade development program must be raised to a level consistent with the importance of exports and increased direct foreign investment to the state's economic well-being. Expanding businesses into foreign markets provides a large return on investment. Today, about 8,000 Washington companies export, which represents less than three percent of companies in the state. Ninety percent of export companies are small and medium-size enterprises that account for an impressive 20 percent of the state's total value of exports. This strategy focuses primarily on identifying those companies that have not exported previously but have products that could be internationally competitive and assisting those companies to access foreign markets.

Strategy 2.1.3: Establish CTED as the leader and convener of Governor Gregoire's "Team Washington," to accelerate business recruitment to Washington by 2010.

The Team Washington strategy requires broad collaboration with a network of service providers. Essential members of the network include organizations that do workforce recruitment and training, small business assistance, financing, manufacturing process improvement, export trade, tax incentive structuring, market research, and others. As the leader and convener of Team Washington, CTED must research companies that provide essential components for Washington products or otherwise advance our global position, mobilize local partnerships to promote company location decisions, coordinate outreach efforts to international and out-of-state companies, and increase technical assistance, research, and marketing capacities within CTED and our foreign offices to increase Washington's global competitiveness.

Strategy 2.1.4: Increase the number of green economy jobs to 25,000 by 2020.

(Also listed under to goal 1)

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GOAL 3: MOVE LOW-INCOME AND VULNERABLE FAMILIES TO SELF-SUFFICIENCY

OBJECTIVE 3.1: Reduce the percentage of Washington residents living below the poverty level by 50% by 2020.

Lead Division: Community Services

Priorities of Government Linkage: Improve the economic vitality of business and individuals.
Improve the security of Washington's vulnerable children and adults.

In the State of Washington, many people are still living at or below the federal poverty level. Policy-makers, legislators, philanthropists, and community members want concrete suggestions about how to improve the prosperity for families who do not have enough to meet basic needs. CTED is uniquely positioned to suggest ways that basic needs such as food, housing, power, and heat can be secured, and to support employment and education. CTED services are a catalyst for broader community family assistance efforts. Assisting families to buy and keep homes, and offering financial management resources through asset building can help Washington residents out of poverty.

Strategy 3.1.1: Increase the number of families that make measurable progress toward self-sufficiency by 5% per year for the years 2010-2015.

The need for emergency services is very compelling; however, it is equally important to assist families in identifying paths that will lead to self-sufficiency. Family Development Specialists can assist families to create self-sufficiency plans and access community resources, and can teach creative problem-solving skills. These activities have proven to be effective in achieving the goal of self-sufficiency, which will ultimately move families out of poverty.

Strategy 3.1.2: Adopt a food bank nutritional standard that identifies the amounts and types of food provided to families by 2010.

Food banks are locally run organizations that vary greatly in their approach and resources for providing food to their customers. Establishing a standard and gaining acceptance of it throughout the food bank network will lead, for the first time, to a basic nutritional standard that will alleviate hunger and lead to better health for all people in Washington, regardless of where they live. It will also enable CTED to collect information on gaps in local food supplies so that resources can be provided to assist food banks that are unable to meet the needs in their community.

Strategy 3.1.3: Improve financial stability for 3,000 low to moderate income households per year by 2014.

Research studies and past experience provide evidence that Individual Development Accounts (IDAs) are a proven and cost efficient technique to help families move out of poverty and become self-sufficient. Nearly 30 percent of state residents are without assets – living paycheck to paycheck, in debt, and without significant savings or equity investments like a home or small business. IDAs provide matching funds to the savings of low-income working accountholders to allow them to purchase valuable assets including their first home, a post-secondary education, or to start or expand a small business. Accountholders get financial education training and counseling, and save monthly for their asset purchase.

Strategy 3.1.4: Help 5,000 additional households per year take advantage of the Earned Income Tax Credit by 2010.

The federal Earned Income Tax Credit, and the new state Earned Income Tax Credit program are powerful tools to increase household income to reduce debt, pay for planned expenditures, or save for a the future. Internal Revenue Service studies estimate that 12 to 18 percent of eligible people do not file tax returns – resulting in at least \$60 million in missed returns in Washington

State. Efforts to get families to use free tax services, rather than paying for tax preparation and taking out high interest loans against the expected returns, are important to help families meet their financial self-sufficiency goals.

Strategy 3.1.5: Deliver an educational campaign in two regions per year through 2013.

Poverty is a societal problem that affects all of us and has huge ramifications for our citizens and communities. People in all sectors of Washington society need to be educated about how we can eliminate poverty. An interdependent continuum of services can support families to reach and maintain self-sufficiency. Community and political determination to end poverty should result from education about its effects and about our opportunities to end it.

Strategy 3.1.6: Reduce the average percentage of household income that assisted households spend on heating by 20% by 2015.

As part of a larger strategy of improved housing for low-income families, an increased focus on weatherizing marginal housing stock will reduce heating costs. Partnerships with the Low Income Home Energy Assistance Program (LIHEAP), Home Weatherization Program, and other programs and utilities can yield important savings for low-income families. In addition, the non-profit sector will be encouraged to explore creating alternative energy sources that can be used for low-income families and others. These alternative energy sources may be wind farms, solar farms, or other emerging sources of non-petroleum or coal-based household energy. The resulting savings will provide more money with which households can meet other needs, and in some cases will free up funds to provide services to the large number of eligible households who remain un-served by LIHEAP.

Strategy 3.1.7: Implement a pilot program that helps ex-offenders make successful transitions to community life by 2011.

The Transitional Jobs Model, which Washington calls Community Jobs, is a nationally recognized best practice to assist adults with multiple barriers to find employment. An increasing number of individuals in Washington and nationally are being sentenced to prison. When they are released, ex-offenders face many barriers to successful re-entry into the community. State planning efforts have been initiated to create community collaborations that will assist ex-offenders to become productive citizens in order to reduce recidivism and re-offending behavior. Many employers are reluctant to hire ex-offenders until they have proven themselves to be stable and trustworthy. The Community Jobs program provides employment with follow-along support services that give the participant the best chance of being successful. After a period of employment in this arranged environment, the ex-offender would be assisted with finding permanent, unsubsidized employment. Additional integrated services that will assist in the employment stability of this population include: childcare, permanent housing, and other essential supportive services (linkage with Strategy 3.3.1).

OBJECTIVE 3.2: Reduce the gap for affordable housing by 13% (from 218,000 to 190,000 households) by 2015.

Lead Division: Housing

Priorities of Government Linkage: Improve the economic vitality of business and individuals.
Improve the security of Washington's vulnerable children and adults.

Affordable housing remains a significant issue for many citizens in Washington State. Housing costs continue to increase faster than personal income. The gap between wages and fair market rents or mortgages continues to grow. Two significant, related factors contribute to the disparity: a shortage of affordable housing and an increase in housing costs. In the past 10 years, the state's population has grown 20 percent, compared to a 10 percent growth rate for the nation, creating housing shortages. Overall, cost burdens are still high, despite a slowing housing market.

Internally, CTED is facing increased challenges in administering existing housing programs. In recent sessions, the Legislature has made significant policy decisions that emphasize reducing and eliminating homelessness and directing housing efforts toward extremely low-income households. This has had serious implications for managing an ever larger and aging real estate portfolio, especially since serving these targeted populations means reduced rental incomes for state-funded affordable housing projects. While the Housing Trust Fund represents a successful strategy for development and preservation of affordable housing, the long-term management of this resource is becoming increasingly important and complex. Other programs are also encountering barriers due to federal requirements, and they need to find ways to create flexibility, potentially including the creation of new state-level resources.

A variety of strategies are necessary to address the need for affordable housing and to reduce the gap by 13 percent in the next five years. In addition, new state funding, private investment, and enhanced local partnerships are needed to make these ambitious strategies successful. To achieve our goal we need to both “fill the tub with new units” and stop affordable units from “going down the drain.”

Strategy 3.2.1: Create 23,000 new units of affordable housing with state resources by 2015.

Creating new affordable units is a critical part of reducing the affordable housing gap. The Housing Trust Fund represents the state’s largest and most successful affordable housing development program. To date, the Housing Trust Fund has created more than 35,000 units of affordable housing for households with a variety of incomes and special needs. The Housing Trust Fund was increased to \$200 million in the 2007-2009 Biennium, and it remains a priority to maintain and grow this resource. Long-term, stable funding resources must be secured and could come from both the capital budget and dedicated sources.

To accommodate current and future growth, CTED must also address the administrative funding structure of the program, which is becoming increasingly inadequate for keeping pace with this critical state program. Solving administrative funding problems could create an opportunity to fund additional projects, increasing our ability to close the gap. Also critical to the administrative funding issue is addressing the policy conflict between funding very low income projects and investing in projects with the capacity to repay loans, which represent the primary source of administrative funds.

Strategy 3.2.2: Create 3,000 new units of affordable housing through private development, and federal and local government resources by 2015.

In addition to developing affordable housing using state Housing Trust Fund dollars, CTED will work with our public partners to leverage other federal and local government housing resources. We will also help create incentives and encourage use of currently available incentives for private developers to create more affordable housing.

Strategy 3.2.3: Establish and implement common “Best Practice” business processes for investment portfolio risk management by 2012. (Also listed under goal 5)

This is a joint strategy among several CTED divisions, covering low-income housing and infrastructure investment portfolios. Portfolio risk management mitigates risks inherent in lending, investment, and asset management – core business functions for CTED. We need to shift from monitoring performance to predicting portfolio performance. We can do this through common business processes designed to:

- Provide for agency-wide data mining to find patterns and subtle relationships in data and rules that allows the prediction of future results.
- Focus on risk factors and proactively monitor and address the risks.
- Ensure consistent and effective communication with the customer/borrower.
- Improve staff financial literacy.
- Evaluate our portfolio mix, customer behavior, past performance, and current environment.
- Accurately forecast future results.

Strategy 3.2.4: Assist local governments to meet their affordable housing goals and ensure adequate housing supply where urban services are available by 2013.

Local land use planning and practices are an important part of both creating and preserving affordable housing. Local governments planning under the Growth Management Act must consider the housing needs of their communities and plan for an adequate supply of a full spectrum of housing. Truly affordable units are not just those where the rent is low, but they also provide their residents with adequate access to existing urban services. Dense and high quality developments are a critical part of the state's affordable housing strategy.

Strategy 3.2.5: Increase 10% of low-income households' earning potential to self-sufficiency by 2015 *(A joint strategy with Community Services Division, International Trade and Economic Development, and the Interagency Council on Homelessness.)*

While development of additional affordable units is critical, households must also have the opportunity to increase their wages if they are to live without subsidies. Increasing wages allows households to become self-sufficient and end reliance on government subsidies. Enhanced linkages to opportunities for internal and external poverty reduction, individual asset development, and educational and workforce skills are critical to a successful workforce housing strategy.

Strategy 3.2.6: Develop a plan to increase affordable workforce housing by July 2009 and implement the plan by July 2010. *(A joint strategy with Local Government and International Trade and Economic Development.)*

Workforce housing has a definitional problem – it applies to housing for working households whose income isn't sufficient to afford housing in the area in which they work. A working definition could be households with incomes between 80 percent and 120 percent of the Area Median Income. There are few resources available for this group compared with the housing resources available for lower income households – those with incomes below 80 percent of Area Median Income. The increasing costs of real estate, shrinking wages, and increasing fuel and food prices have all created significant stress on "workforce housing." Identifying and implementing strategies like employer-provided housing benefits, incentives for developers to build more affordable housing, and use of the Growth Management Act to require meeting the need for affordable housing through housing density and zoning policies are potential tools to assist this population.

Strategy 3.2.7: Develop funding and policy recommendations for cities and counties to provide for manufactured home communities by July 2009.

The Growth Management Act requires cities and counties to include a housing element in their comprehensive plan. It must identify sufficient land for housing of all types, specifically including manufactured housing, and make adequate provision for the housing needs of all economic segments of the community.

In the 2007 legislative session, SB 6633 was proposed to require counties to allow manufactured housing communities to locate outside of urban growth areas. The bill was supported by the manufactured home community owners' association, but CTED and several housing advocates raised concerns about this approach because it would encourage this type of housing in areas far removed from urban services needed by residents. There is, however, a fast-growing trend of manufactured home communities being sold for conversion to commercial or multi-family residential uses. This trend is driven primarily by the increasing value of the land, and the ability to convert its use under city or county zoning. The result is higher demand for relocation assistance for residents than can be met by the CTED relocation assistance program.

OBJECTIVE 3.3: Reduce homelessness by 50% by 2015.

Lead Division: Housing

Priorities of Government Linkage: Improve the economic vitality of business and individuals.
Improve the security of Washington's vulnerable children and adults.

The January 2007 point-in-time survey counted 22,045 homeless individuals statewide. In 2005, the Legislature enacted the Homelessness Housing and Assistance Act (RCW 43.185C) to reduce homelessness by 50 percent by 2015. CTED has the lead in developing a statewide 10-year plan and works collaboratively through the Governor's Interagency Council on Homelessness to identify and implement strategies to meet this state policy goal.

Initially, CTED sought to understand the causes of homelessness, the size and scope of the problem, and the demographics of the target population to better match the response to the needs of this population. We found that people generally became homeless because they can not afford suitable housing. This is because there is an inadequate supply of low-cost housing and because household income is so low they cannot pay for housing that is available. Our set of strategies addresses both aspects of the problem.

Strategy 3.3.1: Create a Best Practices List of housing and services that would ensure people are not homeless at release from institutions or foster care by 2009.

To achieve reductions in homelessness, we need to initiate activities designed to close the front door of homelessness and prevent homelessness for people being discharged from state supervision or care. By developing improved information and referral, emphasizing training for state staff, encouraging initiatives that coordinate integrated systems of care, we hope to achieve rapid placements in housing and an overall reduction in homelessness.

Strategy 3.3.2: Implement coordinated best practices housing and services approaches among the Departments of Social and Health Services, Corrections, Veterans Affairs, Health, and Employment Security to meet the multiple needs of people who are homeless by 2011.

As part of the Interagency Council on Homelessness, CTED is engaged in a multi-disciplinary and multi-agency effort to respond to local calls for increased coordination and cooperation at the state level. Workgroups have been formed to come up with more effective ways in which CTED and the Departments of Social and Health Services, Corrections, and Veterans Affairs can work together to help people avoid homelessness. One of these workgroups is working on a solution to create a multi-agency sponsored homelessness prevention initiative.

Strategy 3.3.3: Expand the supply of supportive housing for low-income persons with long-term disabilities by 2,000 beds by 2015.

To effectively alleviate the housing crisis for people with long-term disabilities (an estimated 5,000 units of housing are needed for individuals served by the mental health system alone), housing with wrap-around services is necessary in high-need, low-capacity communities statewide.

Strategy 3.3.4: Collect data on homelessness from every county in the Homeless Management Information System by December 2009.

Collecting and analyzing comprehensive performance measurement data from homeless programs is critical to ensuring limited resources are targeted toward the most effective strategies and organizations. CTED and local government partners have made significant progress toward implementing systems to collect client-level data. It is important to increase focus and staffing capacity to analyze and cross-reference the hundreds of thousands of data records to derive performance measures for contractors, counties, state agencies, and the state as a whole.

Strategy 3.3.5: Increase the units of transitional housing by 2,200 for homeless persons and those at risk of homelessness by 2015.

Because the causes of homelessness are many and complex, including, but not limited to, disabilities, unemployment, low wages, high housing prices, drug use, and domestic violence, it is not always possible to simply place homeless or at-risk individuals and families in permanent housing and expect long-term success. On the other hand, social, vocational, medical, and rehabilitation services are unlikely to succeed when individuals' basic shelter needs are not being met. A good first step is transitional housing, which provides the opportunity for people to be stably housed, access services, and successfully transition-in-place on a more permanent basis.

GOAL 4: IMPROVE THE HEALTH AND SAFETY OF COMMUNITIES AND FAMILIES**OBJECTIVE 4.1: Increase the use of crime victim services by 30% by 2014.**

Lead Division: Community Services

Priorities of Government Linkage: Improve the safety of people and property.
Improve the security of Washington's vulnerable children and adults.

Community safety is an important element in the development of desirable residential communities and the siting of new businesses. CTED has been given a key role in bringing together service delivery systems that impact both sides of the coin – offenders and victims – for the purpose of improving community safety. CTED staffs a number of planning and advisory groups of citizens, professionals, and providers who make recommendations to state decision makers. CTED works with communities to respond to crime and victimization by funding local programs and citizen efforts. We are a clearinghouse for funding for multi-jurisdictional task forces to curb illegal drug production and distribution, and we advocate for programs that provide services and prevention efforts to stop domestic violence, sexual assault, and stalking. All of these programs and services improve the health and safety of communities and families.

Strategy 4.1.1: Provide funding for a full-time professional in each of the 39 county prosecutors' offices to provide victim/witness services by 2010.

Having a full-time professional available to assist victims to deal with a complex, sometimes intimidating, court system leads to better outcomes for victims. Once they are provided with information, support, advocacy, and referral to other services, crime victims are more likely to follow through with the court process that is necessary to stop further victimization. While prosecutors support the value of having such a position, many counties are financially strapped and are not able to support the position without funding from CTED.

Strategy 4.1.2: Increase the number of crime victims served in Crime Victim Service Centers by 15% by 2014.

Since 2005, the Office of Crime Victims Advocacy (OCVA) has implemented an ambitious plan of expanding services to all victims of crime, creating a community network that coordinates all victim service-providers in an area, and implementing a data system to capture service and outcome data statewide. While the need for coordination and technical assistance continues, the new network will realize gains from expanded, coordinated services, and will be able to serve more victims in the community. Along with serving more victims, OCVA emphasizes community prevention programs and public awareness to reduce the number of victims that need to be served.

Strategy 4.1.3: Provide funding for a human trafficking lead in each of the 13 Crime Victim Service Centers by 2015.

The Human Trafficking Task Force, administered by CTED, has been meeting for more than 18 months, developing recommendations regarding a comprehensive response to human trafficking in Washington. The first priority of those recommendations is to support the provision of services directly to victims using existing programs. The Crime Victim Service Centers have been in place for approximately two years and cover the entire state. Adding an additional staff person to each of these regional centers to lead the effort to address human trafficking in communities throughout the state, will allow more victims to be served and will help reduce the incidence of human trafficking statewide.

Strategy 4.1.4: Provide competitive funding to communities with a high risk of human trafficking by 2015.

Because of Washington's location on the border, with access to the West Coast and international business culture, the state has one of the most significant human trafficking problems in the nation. The human trafficking task force authorized by the 2007 Legislature has developed recommendations to reduce the incidence of human trafficking and to assist victims in escaping the criminal environment so they can build a functional life in the mainstream of the community. CTED will implement task force recommendations, particularly in the state's most at-risk communities.

Strategy 4.1.5: Provide a standardized child-centered approach to service delivery for child victims of sexual abuse and their families that is available statewide by 2011.

In the 2008 Legislative session, funding was provided to the Office of Crime Victims Advocacy to enhance the services provided to child victims of sexual assault. By working through the community sexual assault programs, CTED will build an improved system of services that expands medical and legal advocacy, increases therapy available for victims, and supports the non-offending family members.

GOAL 5: PROVIDE BOLD LEADERSHIP AND EXCEPTIONAL SERVICE

OBJECTIVE 5.1: Increase the retention rate of CTED employees to 95% annually by 2012 (excluding involuntary separations).

Lead Division: Administrative Services

Priorities of Government Linkage: Strengthen government's ability to achieve results efficiently and effectively.

CTED wants to be the Employer of Choice in state government and to decrease our employee turnover rate by implementing strategies identified by our employees as important to their decisions to chose CTED as an employer. In the spring of 2008, CTED surveyed employees about what other than salary would make them stay at CTED. Based on the survey results, we developed the following strategies to promote employee retention.

Strategy 5.1.1: Offer 90% of our employees flexible work programs, e.g. flexible work hours, telecommuting, or compressed workweek by 2010.

Strategy 5.1.2: Obtain Performance Management Confirmation from the Department of Personnel by October 2008.

Strategy 5.1.3: Pursue an improved physical work environment by December 2009.

Strategy 5.1.4: Reimburse employees for membership fees at fitness clubs beginning FY 2011.

Strategy 5.1.5: Implement a policy that encourages retirement eligible employees to consider continuing to work at CTED past their retirement date and encourage them to consider the state's retire/rehire plan by April 30, 2009.

OBJECTIVE 5.2: Reduce the time and variation in CTED's application and contract processes by 75% by 2010.

Lead Division: Local Government

Priorities of Government Linkage: Strengthen government's ability to achieve results efficiently and effectively.

Improve the economic vitality of business and individuals.

Improve the quality of Washington's natural resources.

Improve statewide mobility of people, goods, and services.

Over the past several years a number of legislative and CTED infrastructure studies have been written, including:

- Legislative Infrastructure (Berk) Study, December 2005
- Legislative Infrastructure Inventory, JLARC, November 2006
- CTED Freidman Report, June 2007
- Legislative Infrastructure Task Force, January 2008
- OFM Budget Proviso (Section 1022), March 2008

A common theme is the opportunity for better coordination and alignment of infrastructure programs statewide to enhance customer service, evaluate and prioritize programs to meet state policies, and provide enhanced administration of contracts and loans. These strategies address the study findings and create substantial efficiencies among CTED's infrastructure assistance programs.

Strategy 5.2.1: Consolidate CTED infrastructure programs under one division by December 2008.

Consolidation of infrastructure programs will increase efficiencies by reducing duplicated steps, processes, and handoffs while simultaneously increasing the standardization of documents, processes, and contract compliance, and reducing payment processing time.

Strategy 5.2.2: Create consistent, streamlined processes for applications and contracting processes by July 2009.

Each of CTED's programs has independent application and contract processes. These processes include everything we do from the time an application is received to the time a contract is executed. There are similarities in necessary tasks but differences in flow and work sequence. From the customers' perspective, each interaction with a CTED program is a unique experience with unique requirements. Using Lean, Six Sigma, and Kaizen work process improvement tools, CTED will implement needed efficiencies to create savings and improved customer service.

Strategy 5.2.3: Create a web-based tool for local governments to prioritize local infrastructure needs and identify community capacity to meet those needs (based on the Capital Facilities Plan) by December 2008.

Growth Management Services offers an Excel-based capital facilities planning tool on CD-ROM that can be used by local governments to inventory capital facilities, identify and prioritize future needs, develop cost estimates, and create a funding plan for their completion. Using this tool helps gain consistency in format for capital facilities plans, and enables the state to better understand the overall projected need for capital facilities state-wide and local governments' capacity to fund those needs. However, many smaller jurisdictions have found the current tool difficult to use due to local capacity and training issues. A newer model is needed that will transform the template into a web-accessible, user-friendly tool with on-line training. We will make the template available to all jurisdictions and maintain the training so that the tool can be more broadly used and can provide a better statewide picture of capital facilities needs and capacity to fund them.

Strategy 5.2.4: Expand Regional Service Centers to provide more direct customer services by 2014. (Also supports goal 1)

Aligning infrastructure with state policy will require CTED to respond to the Governor's Next Washington plan – "a vision of the future... grounded in local realities." The plan directs CTED to "move resources from state offices in Olympia to regional partnerships around the state." The International Trade and Economic Development division has established regional offices, each staffed with one or two economic development specialists. To transform the regional offices to true regional service centers, we also need to ensure through cross-training that each has expertise in all CTED program areas.

Strategy 5.2.5: Establish and implement common "Best Practice" business processes for investment portfolio risk management by 2012. (Also supports goal 3)

This is a joint strategy among several CTED divisions, covering low-income housing and infrastructure investment portfolios. Portfolio risk management mitigates risks inherent in lending, investment, and asset management – core business functions for CTED. We need to shift from monitoring performance to predicting portfolio performance. We can do this through common business processes designed to:

- Provide for agency-wide data mining to find patterns and subtle relationships in data and rules that allows the prediction of future results.
- Focus on risk factors and proactively monitor and address the risks.
- Ensure consistent and effective communication with the customer/borrower.
- Improve staff financial literacy.
- Evaluate our portfolio mix, customer behavior, past performance, and current environment.
- Accurately forecast future results.

ACTIVITY INVENTORY AND PERFORMANCE

CTED intends to implement a number of objectives and strategies to move the agency forward toward statewide results. Below is a summary of CTED’s current and ongoing activities to support statewide results that provide the basis for moving forward on the objectives and strategies. The activities are summarized under each of the goals.

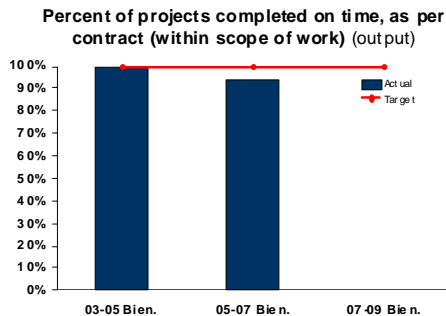
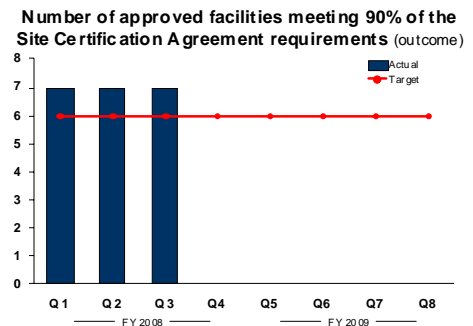
CTED has more than 180 programs aligned with 49 budget activities. There are 70 performance measures that demonstrate results of our activities. In early 2007, CTED revised the majority of our performance measures and made reporting results a top priority; therefore analysis of performance measures identified in the 2005-2013 strategic plan is not applicable. We continue to strive to identify best industry comparisons.

GOAL 1: BUILD LIVABLE, VIBRANT COMMUNITIES THAT MEET THE ECONOMIC, ENVIRONMENTAL, AND SOCIAL NEEDS OF CITIZENS

The **Energy Facility Site Evaluation Committee** ensures that approved energy facilities meet the requirements and conditions of the Site Certification Agreements.

Performance Measure: The number of approved facilities meeting 90 percent of the Site Certification Agreement requirements.

Analysis: The seven projects monitored continue to meet their Site Certification Agreements.



The **Land Use Assistance Program** administers pass-through grants for specific land use planning and environmental projects as directed by the Legislature. These grants are in addition to those required by the Washington Growth Management Act.

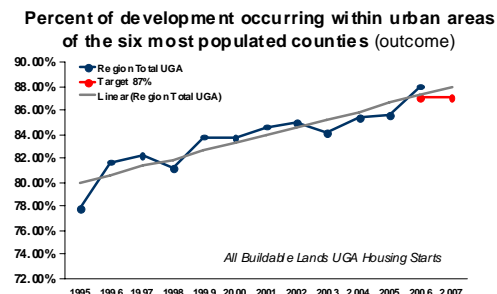
Performance Measure: The percent of projects completed on time, as per contract (within the scope work).

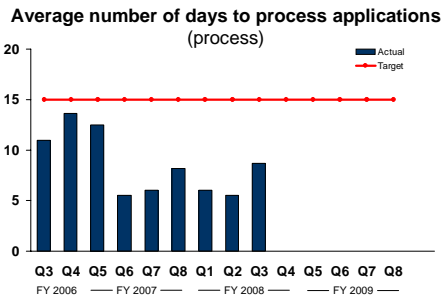
Analysis: Program was just under target in 05-07.

Growth Management Services provides grants, data, training, technical publications, direct consultation, and guidance to local governments to assist in planning to manage future growth.

Performance Measure: The percent of development occurring within urban areas of the six most populated counties in Western Washington.

Analysis: Met target in 2006.





The **Bond Cap Allocation Program** evaluates and approves applications for tax-exempt private activity bond issuing authority.

Performance Measure: The average number of days to process applications.

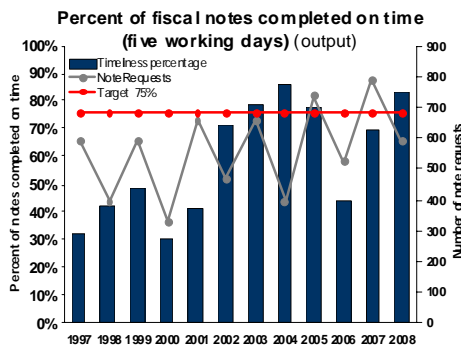
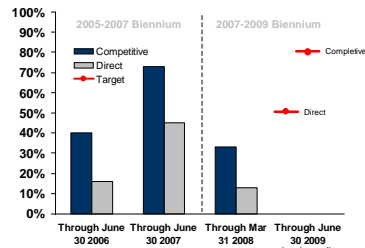
Analysis: Program consistently meets or exceeds target. Application processing efficiencies have improved performance over past two years.

The **Local and Community Projects Program** provides guidelines and technical assistance to stakeholders to increase their chances of submitting a successful application through CTED's competitive grant processes. CTED may also consult with the Office of Financial Management and legislative staff so that projects being considered for direct appropriations meet project readiness criteria.

Performance Measure: The percent of projects completed on time (within the biennium appropriated).

Analysis: On target to meet 2007-2009 goals, despite a 63 percent increase in the number of direct projects from 2005-2007 biennium, with more added in the 2008 Supplemental Session.

Percent of projects completed on time (within biennium funding was originally appropriated) (output)



The **Local Government Fiscal Notes** program analyses legislation affecting local governments, estimates local government cost impacts, and prepares fiscal notes used in legislative deliberations.

Performance Measure: The percent of fiscal notes completed on time as per OFM standard.

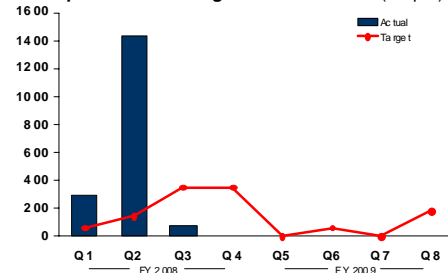
Analysis: The fiscal note timeliness rate was 83 percent in 2008, up from 69 percent in 2007 and 30 percent in 2000.

The **Economic Development Capacity Building and Outreach** program strengthens the skills and expertise of community leaders, economic development professionals, and small business owners to accomplish economic development,

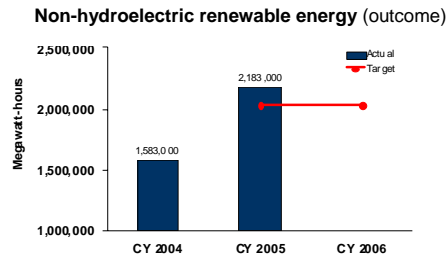
Performance Measure: The number of individuals served through ITED-sponsored training and conference.

Analysis: Unexpected Aerospace Summit was held in the second quarter. We have been doing more state training than local, yielding more participants. Re-organization of the division has lead to more collaborative training opportunities such as training foreign direct investment.

Number of individuals served through ITED-sponsored training and conferences (output)



The **Energy Policy Contract Management/ Pass-Through** program promotes the state and its businesses in the global and domestic marketplace by actively supporting the development and expansion of renewable energy, energy efficiency, fuel cell, and related industries.



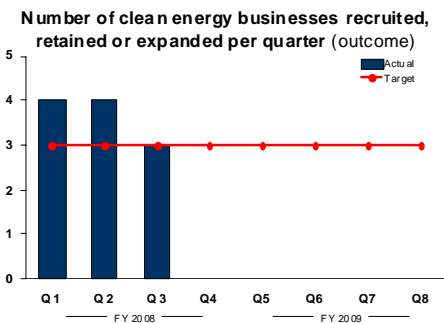
Performance Measure: The amount of the state’s electricity generated by non-hydroelectric renewable energy sources (total production in megawatt-hours of energy).

Analysis: The state has seen a significant increase in renewable energy production. Energy policy has assisted this growth through policies including- sales tax exemption, net metering, adoption of rules for Initiative 937, direct assistance to renewable energy businesses.

The **State Energy Policy Analysis** program is a key source of policy support, analysis, and information for the Governor, Legislature, CTED, and other energy decision makers. It provides web-based data and analysis on key energy issues including natural gas supply and pricing, alternative fuels development, climate change mitigation, energy efficiency, renewable energy development, mitigation of greenhouse gas emissions, and energy supply and price stability.

Performance Measure: The number of clean energy businesses recruited, retained, or expanded per quarter.

Analysis: High performance buildings are in increased demand because they are better places to work and make increasing economic sense.



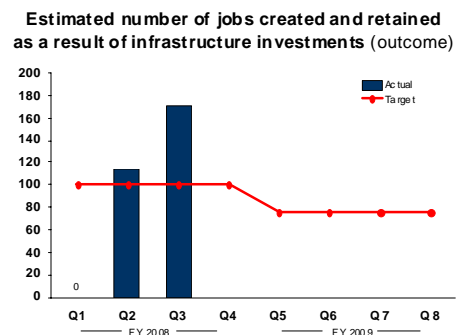
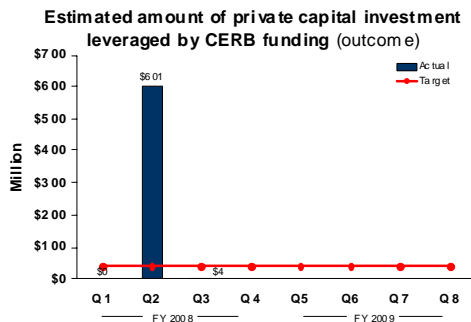
The **Community Economic Revitalization Board (CERB)** programs make strategic investments in publicly-owned economic development infrastructure projects

Performance Measure: Estimated number of jobs created and retained as a result of infrastructure investments.

Analysis: CERB did not have any contracts executed in the first quarter of the fiscal year. With strong second and third quarters we are at 71 percent of our FY 2008 target.

Performance Measure: Estimated amount of private capital investment leveraged by CERB funding.

Analysis: Strong second quarter results were due to a larger expansion of the REC silicon project.

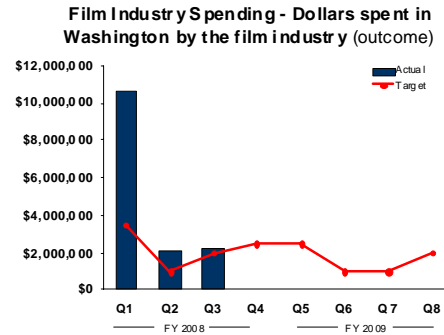
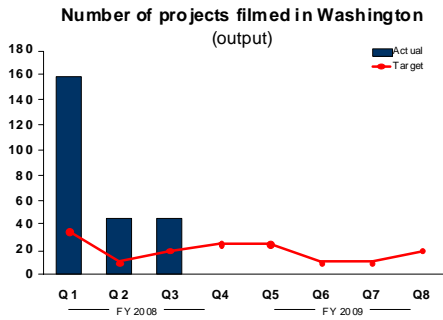


The **Film and Video** program provides technical assistance and serves as an informational clearinghouse for individuals and entities engaged in film, television, and commercial production.

Performance Measure: The number of projects filmed in Washington.

Performance Measure: The dollars spent in Washington by the film industry.

Analysis: Exceeding seasonal targets. Projects have a broad definition, examples: a low budget independent film, a four day commercial, a documentary, etc.



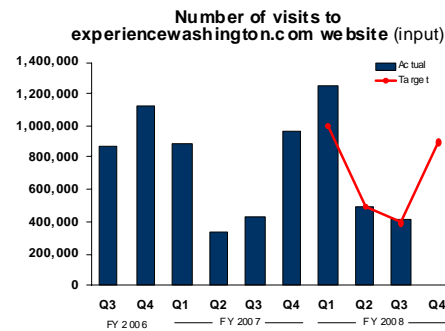
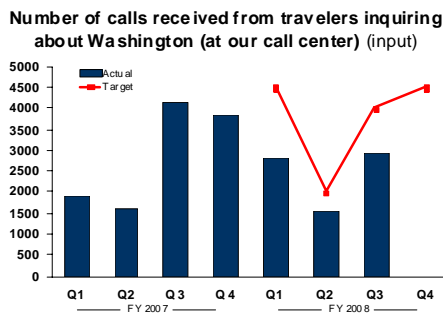
The **Tourism Development** program markets the state as a travel destination.

Performance Measure: The number of calls received from travelers inquiring about Washington.

Analysis: Increasingly, visitors are using the website to plan their vacations and request visitor information.

Performance Measure: The number of visits to experiencewashington.com website.

Analysis: The first and fourth quarters (July, August, September) and (April, May, June) are peak months for both planning and traveling. Results correspond with the highest website use. Results also align with the run dates for our spring / summer advertising campaign (March – July).



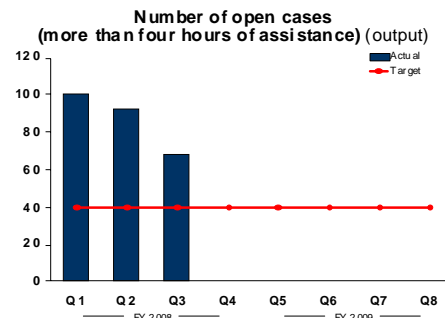
The **Regional Services** program encourages investment and job creation.

Performance Measure: The number of unique local organizations and companies requesting economic development assistance.

Analysis: 218 requests in the third quarter, up from 63 in the second quarter.

Performance Measure: The number of open cases (more than four hours of assistance).

Analysis: Regional staff are making connections in new areas, driving up demand for services. With an uncertain economic future, many companies are holding off on their expansion and location plans.



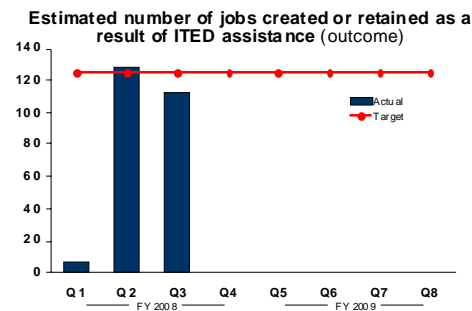
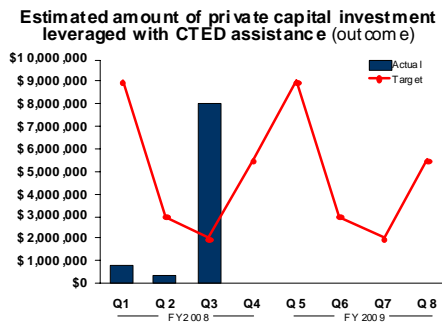
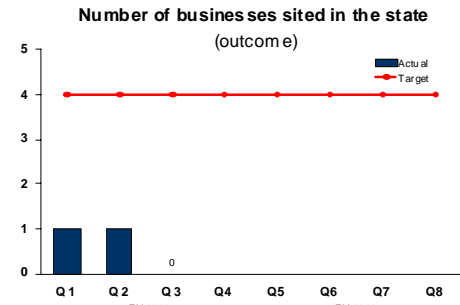
Statewide Programs provide financial and/or technical assistance to companies and communities to retain, expand, and attract businesses.

Performance Measure: Estimated number of jobs created or retained.

Performance Measure: Estimated amount of private capital investment leveraged.

Performance Measure: The number of businesses sited.

Analysis: This is a new business unit in International Trade and Economic Development. Capital investment leveraged third quarter results are due to a larger than expected private investment reported by the Main Street program. The economy is a great concern for this effort. Companies are holding off siting decisions and looking to lower cost approaches to expansion, such as expanding in current facilities instead of opening new.



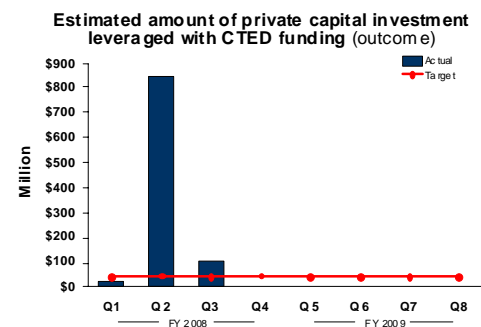
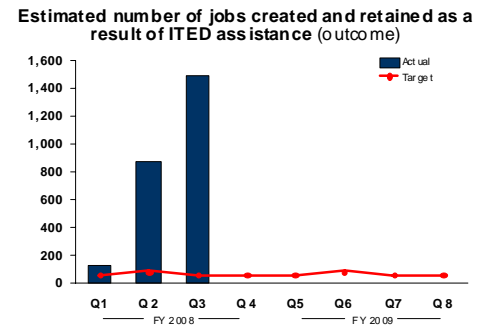
The Economic Development Financial Assistance program provides contracting, fund management, and loan repayment services within ITED.

Performance Measure: The estimated number of jobs created and retained as a result of ITED assistance.

Analysis: A couple of big projects, including a pair of Job Development Fund (JDF) grants drove second quarter results up; The Community Economic Revitalization Board (CERB) executed two more large job projects in the third quarter and JDF had one very large job generation (1,316 jobs). CERB and JDF make up 94 percent of these job numbers so far this year and all of them for the third quarter.

Performance Measure: The estimated amount of private capital investment leveraged with CTED funding.

Analysis: The majority of the second quarter results are the REC silicon investment. JDF funding of contracts will continue to push results above target mark until all contracts are out; results will likely fall back to the target level.

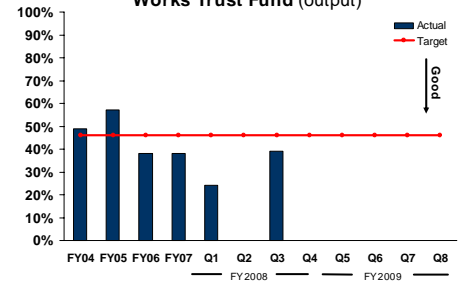


The **Public Works Trust Fund** finances the repair and expansion of essential infrastructure systems in communities throughout the state with low interest loans.

Performance Measure: The percent of project funding provided by the Public Works Trust Fund (remaining funding is from other sources such as local, other state and federal)

Analysis: For the last two and a half years, target has been met.

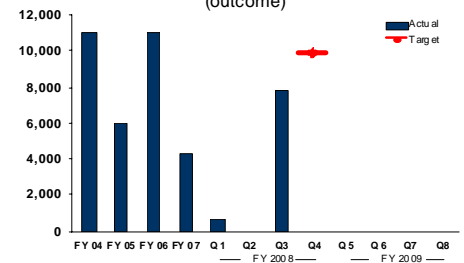
Percent of project funding provided by the Public Works Trust Fund (output)



Performance Measure: The number of construction-related jobs sustained through Department of Community, Trade and Economic Development/Public Works capital and infrastructure investments.

Analysis: On track to meet FY 08 target.

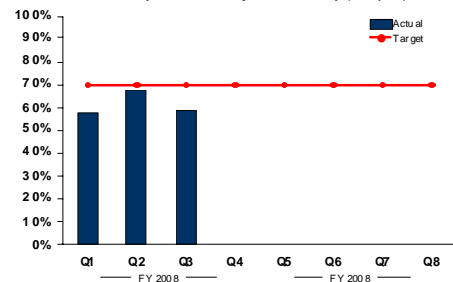
Construction-related jobs sustained through CTED - Public Works capital and infrastructure investments (outcome)



Performance Measures: The percent of projects completed on time, as per contract (within scope of work)

Analysis: Approaching target. The Public Works Board continues to work to break down barriers, such as permitting and readiness to proceed.

Percent of projects completed on time, as per contract (within scope of work) (output)



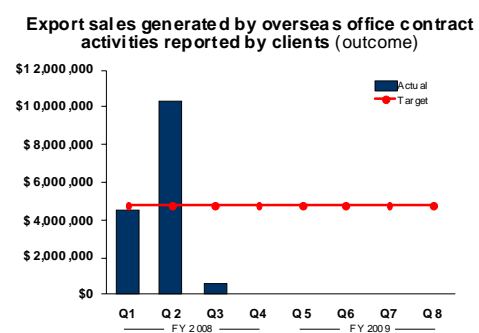
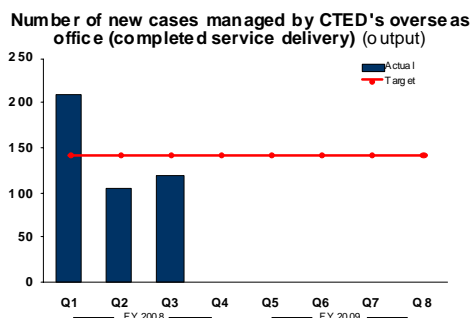
GOAL 2: PREPARE THE STATE TO COMPETE IN A GLOBAL MARKETPLACE

The **Overseas Office Contract Activities** program provides information on Washington to foreign clients, provides marketing information on foreign markets to Washington businesses, and facilitates economic development relationships between regions.

Performance Measure: The Number of new cases managed by CTED's overseas office (completed service delivery).

Performance Measure: Export sales generated by overseas office contract activities reported by clients.

Analysis: We are on track to achieve our annual target of 570 cases. A continued weak U.S. dollar and strong economies in target markets could contribute to strong outcomes in future quarters. Annual target of \$15 million in export sales has already been achieved.

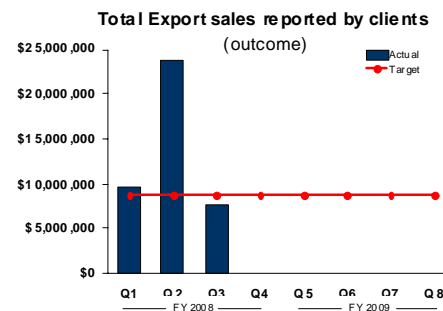
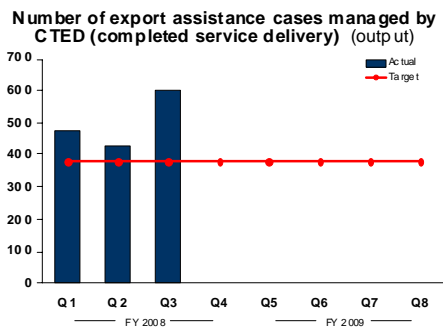


The **Global Trade and Investment Services** program diversifies the state's economy by increasing the sales of Washington products in overseas markets.

Performance Measure: The number of export assistance cases managed by CTED (completed service delivery).

Performance Measure: Total export sales reported by clients.

Analysis: We expect to exceed our target of 1520 cases for FY 2008 by 10-15 percent. Sales for FY 2008 total \$41 million, and have surpassed the annual target of \$35 million.



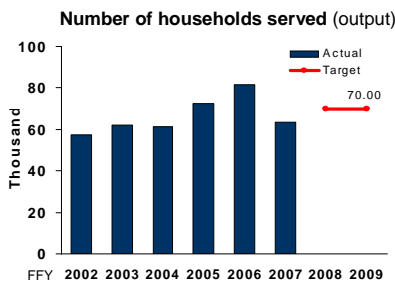
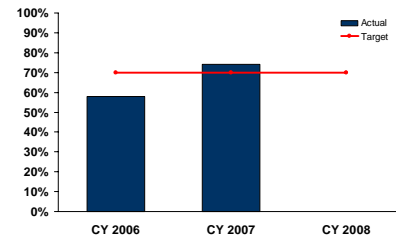
GOAL 3: MOVE LOW-INCOME AND VULNERABLE FAMILIES TO SELF-SUFFICIENCY

The **Community Services Block Grant** program works to eliminate or ameliorate the effects of poverty by funding a network of community action programs that provide services.

Performance Measure: The percent of low income individuals who make progress during the period.

Analysis: We anticipate meeting our target for calendar year (CY) 2008.

Percent of low income individuals who made progress during the period (outcome)



The **Low Income Home and Energy Assistance** program provides assistance to help with the expenses of home temperature control.

Performance Measure: The number of households served.

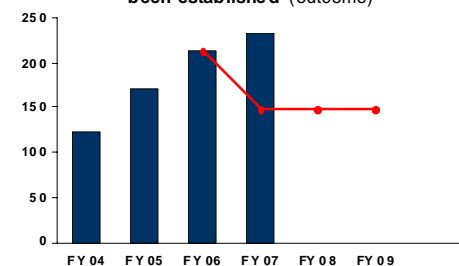
Analysis: Approximately 18 percent of the eligible population receives assistance. One time state funding (\$6.46 million) resulted in a substantial increase in the number served in federal fiscal year (FFY) 2006. Customers are receiving increased benefits; therefore the number served will decline, as funding levels remain the same.

The **Developmental Disabilities Council** and **Developmental Disabilities Endowment Fund** enroll individuals into new accounts to build assets for the beneficiary with developmental disabilities.

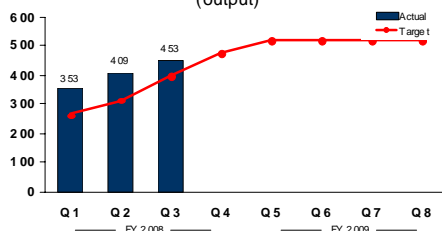
Performance Measure: The number of persons for whom a Developmental Disabilities Endowment Trust Fund accounts is established.

Analysis: Exceeded target in FY 07.

Number of persons for whom a Developmental Disabilities Endowment Trust Fund account has been established (outcome)



Establish individual development accounts (maintaining full enrollment by the 5th quarter) (output)



The **Asset Building for Working Families** program provides opportunities and incentives for families to save, acquire, and preserve assets.

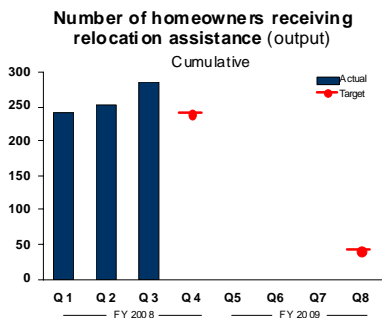
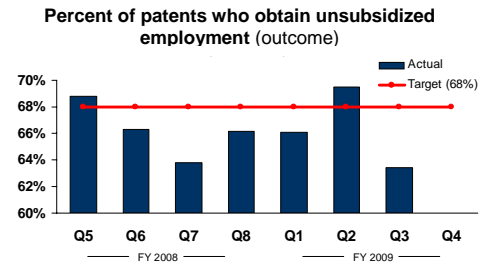
Performance Measure: Establish individual development accounts.

Analysis: Meeting targets.

The **WorkFirst and Community Jobs** program delivers services to support Work First participants in attaining a job and advancement.

Performance Measure: The percent of Temporary Assistance to Needy Families parents who achieve unsubsidized employment.

Analysis: In FY 2008 262 of 413 WorkFirst job seekers were employed after being enrolled in Community jobs. Results decreased slightly in the third quarter of FY 2009 due to system changes, staff training and program adjustments to meet federal requirements. Performance meets or exceeds partner state agencies performance.



The **Home Relocation Assistance** program provides financial reimbursement to low-income families displaced due to mobile home park closure.

Performance Measure: The number of homeowners receiving relocation assistance.

Analysis: More homeowners were served in the first quarter due to a one-time allocation of \$2 million from the Governor’s budget. Targets for the second fiscal year are much lower due to a lack of available revenue. We anticipate the waiting list and need for reimbursements to grow during FY 2009.

The **Farm Worker Housing** program provides seasonal, permanent, and emergency housing development for migrant and local farm workers.

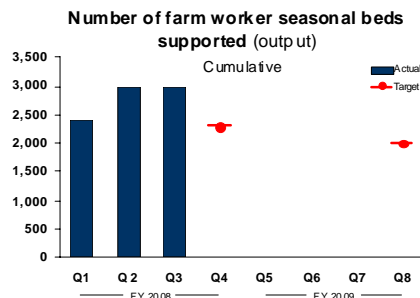
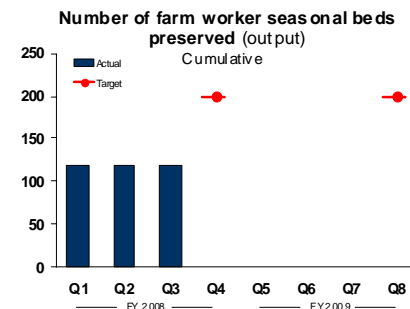
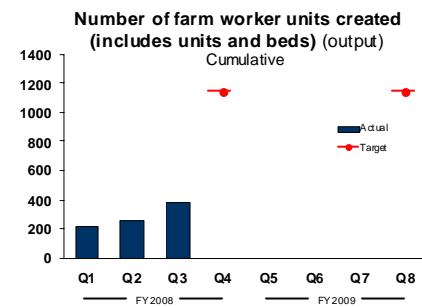
Performance Measure: The number of farm worker units created (includes units and beds).

Performance Measure: The number of farm worker seasonal beds preserved.

Analysis: Projections for all units/beds were based on projects funded, but actuals are being reported on beds placed in service; i.e., completed and available for occupancy. Based on units/beds funded to date (1,092), we are currently on target.

Performance Measure: The number of farm worker seasonal beds supported.

Analysis: FY 2008 targets have already been exceeded, due to increased participation by growers in the Rent-a-Tent program.



The **Homeless Housing Assistance** program provides a continuum of care that provides housing with supportive services so that individuals and families can move to permanent housing.

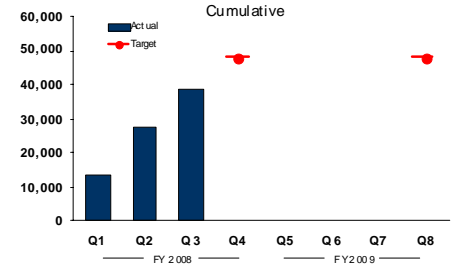
Performance Measure: The number of individuals provided shelter.

Performance Measure: The number of nights of shelter provided.

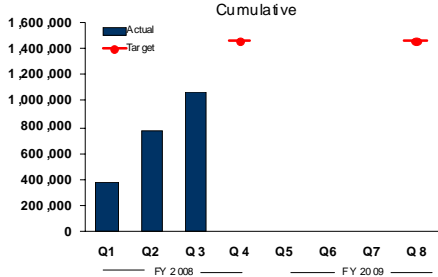
Performance Measure: The percent of households exiting to permanent housing

Analysis: On track to meet annual (fourth quarter) targets.

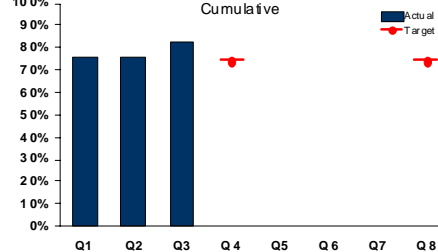
Number of individuals provided shelter (output)



Number of nights of shelter provided (outcome)



Percent of households exiting to permanent housing (outcome)



Footnote: only applies to Transitional Housing, Operating and Rent Program

The **Housing for Vulnerable and Special Needs Populations** program allocates operating assistance to projects that provide housing and support services to low-income people living with HIV/AIDS or mental illness.

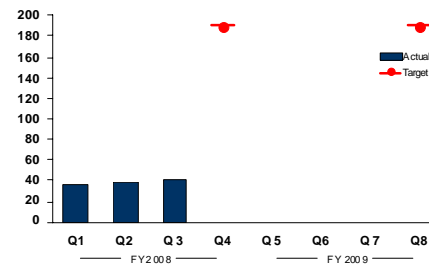
Performance Measure: The number of households assisted through rental vouchers.

Analysis: Targets are not met because we are now focusing on one particular activity (rental vouchers), which provides a more accurate picture of the number of households assisted. We are not including mortgage assistance or utility deposit assistance since there is no way to isolate rental assistance numbers. Given this change, the targets will be readjusted to 55 per year.

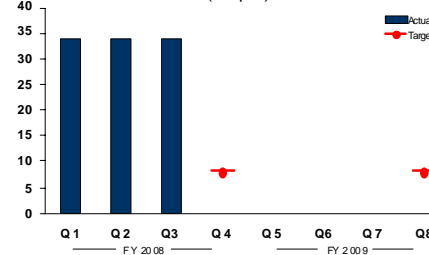
Performance Measure: The number of units provided operating support.

Analysis: Exceeding target.

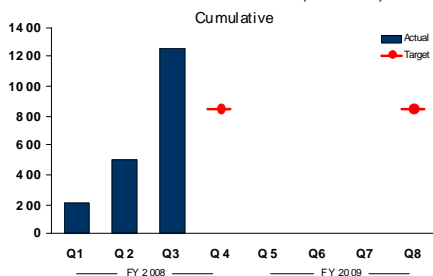
Number of households assisted through rental vouchers (output)



Number of units provided operating support (output)



Number of units created (outcome)



The **Affordable Housing Development** program allocates loan funds to affordable housing projects for low-income and special needs citizens of the state.

Performance Measure: The number of units created.

Analysis: In the fourth quarter we implemented a newly defined “Placed in Service” process resulting in a large number of units moving from development into placed in service.

Performance Measure: The number of units preserved.

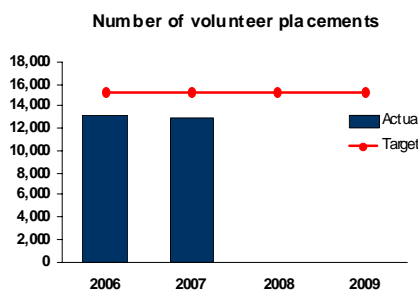
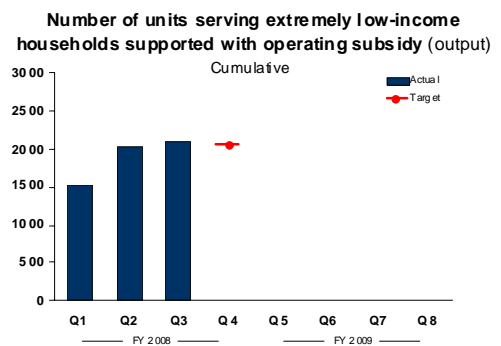
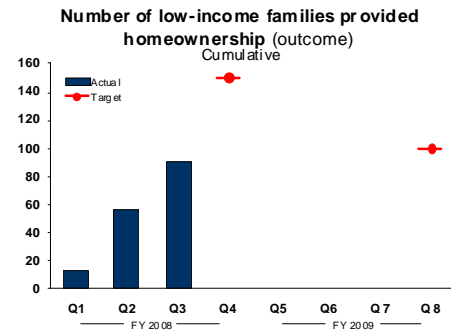
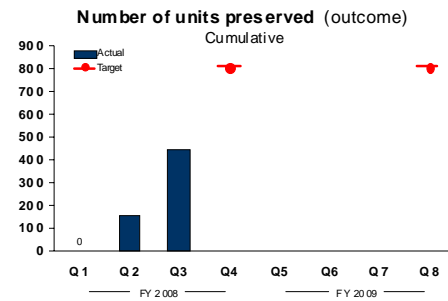
Analysis: Early this fiscal year, we separated measurement of units created and preserved. Targets may need to be revised after a trend is established. Although the authorizing statute 43.185 does prioritize preservation, the program responds to locally driven priorities. An increased amount of proposals are for new construction, signifying a need for additional housing stock beyond what may currently be available in local communities. Many of the preservation projects are USDA or HUD funded projects. Typically, these projects take longer to place in service because of the complexities and underlying regulatory issues that exist on transferring these properties, which may also be a factor in realizing our targets.

Performance Measure: The number of low-income families provided homeownership.

Analysis: Meeting target.

Performance Measure: The number of units serving extremely low-income households supported with operating subsidy.

Analysis: Although the original target may not be achieved in the first year, an additional 400 units are funded, and we expect to exceed the second year target. We are in our first year of transitioning the allocation of funding for homeownership to a process separate from the multi-family funding rounds. This will create variations in the data from our original target.



The **Retired Senior Volunteer** program uses talents and lifelong experience of volunteers over age 55 to help with diverse community needs.

Performance Measure: The number of volunteer placements.

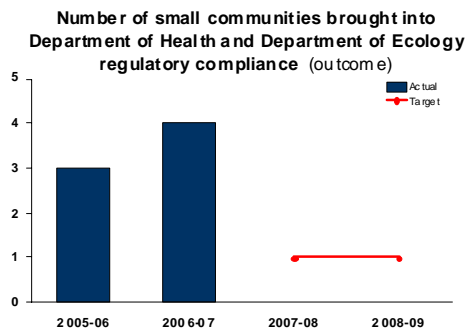
Analysis: Targets for FYs 2006 and 2007 were not met. However, we received additional funding and anticipate we will achieve our 2008 target. High fuel costs may affect volunteer participation.

GOAL 4: IMPROVE THE HEALTH AND SAFETY OF COMMUNITIES AND FAMILIES

The **Building Code Council** reviews statewide and local amendment proposals and adopts the most recent edition of the international codes to ensure consistency with other states to improve safety and save energy in buildings.

Performance Measure: The number of fire deaths per 1 million residents.

Analysis: Meeting target of less than two fire deaths per 1 million residents each quarter.



The **Small Communities Initiative** improves the health and safety of rural communities identified by the Department of Health and the Department of Ecology as being at risk.

Performance Measure: Number of Small Communities brought into Department of Health and Department of Ecology regulatory compliance through improved water and/or waste water systems.

Analysis: Exceeding targets. Since 1999, 25 communities have secured over \$55 million in state and federal funding, resulting in safer drinking water, environmental protection, and more communities with infrastructure that can serve community and economic development activities.

The **County Public Health Funding** program distributes tax revenues to local public health districts.

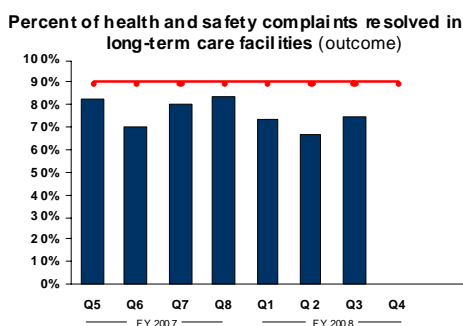
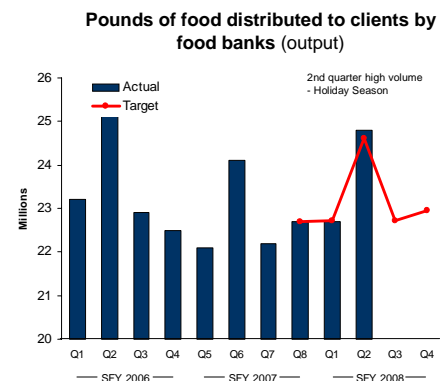
Performance Measure: Percent of required fiscal documents forwarded to the Office of the State Treasurer prior to the first day of the fiscal year.

Analysis: Meeting Target of 100 percent.

The **Emergency Food Assistance** program provides support for the community-based emergency food distribution system.

Performance Measure: The pounds of food distributed to clients by food banks.

Analysis: Meeting Targets



The **Long Term Care Ombudsman** program resolves residents' complaints, which improves care and prevents more serious situations from occurring.

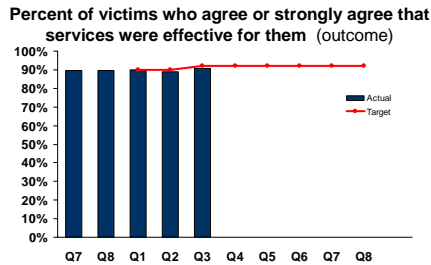
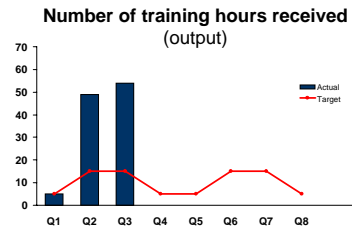
Performance Measure: The percent of health and safety complaints resolved in long-term care facilities.

Analysis: Approaching target. In the third quarter of FY 2008 there was increased resolution of health and safety complaints. Examples of complaints include abuse and neglect or unlawful discharge of the client. In the second and third quarters of FY 2008, abuse and neglect complaints had the lowest resolution.

The **Court Appointed Special Advocates (CASA)** program contracts with the Washington Association of Court Appointed Special Advocates to provide services designed to increase the capacity of local CASA programs.

Performance Measure: The number of training hours received to maintain or increase the availability of CASA services.

Analysis: Exceeding targets.



The **Services to Crime Victims** program delivers services to victims of crime through Crime Victim Advocate contractors.

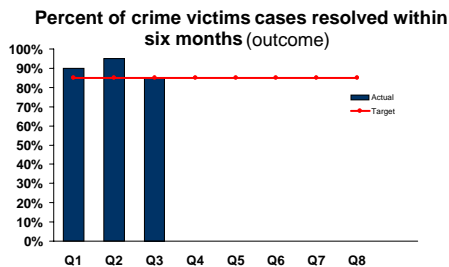
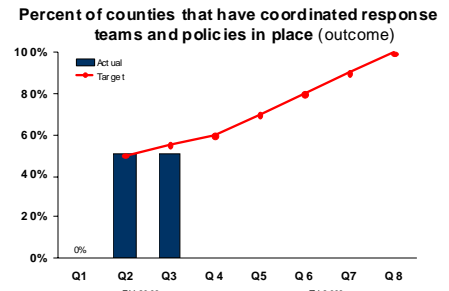
Performance Measure: The percent of victims who agree or strongly agree that services were effective for them.

Analysis: Meeting Targets

The **Strengthening Criminal Justice Response to Victims of Crime** program administers federal funds in keeping with the purpose and guidelines of the program.

Performance Measure: The percent of counties that have coordinated response teams and policies in place.

Analysis: Counties now recognized the value of coordinated response teams and policies.



The **Crime Victims Advocacy** program assists crime victims to resolve problems with accessing victims' services.

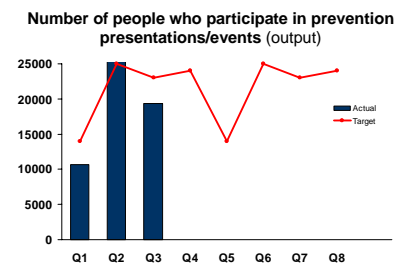
Performance Measure: The percent of crime victims' cases resolved within six months.

Analysis: Meeting targets. Current staffing is appears adequate for caseload.

The **Sexual Assault Prevention** program increases the understanding and awareness of sexual violence in communities statewide.

Performance Measure: The number of people who participate in prevention presentations/events.

Analysis: Did not meet target for two out of three quarters. The fifth quarter is adjusted down in the summer because many presentations and events occur during the school year.



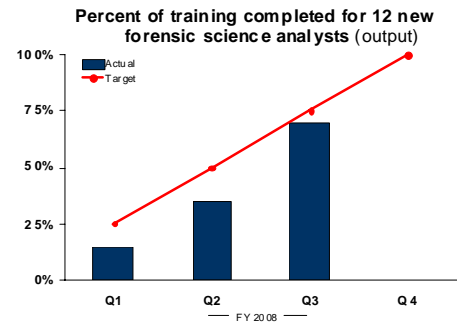
The **Community Mobilization Against Substance Abuse** program supports quality community initiatives to reduce substance abuse and violence through evidence-based programs.

Performance Measure: The performance measure for this budget activity is under development.

The **Forensic Sciences Improvement** program provides funding for training to improve the quality and timeliness of forensics science services to local jurisdictions.

Performance Measure: The percent of training completed for 12 new forensic science analysts.

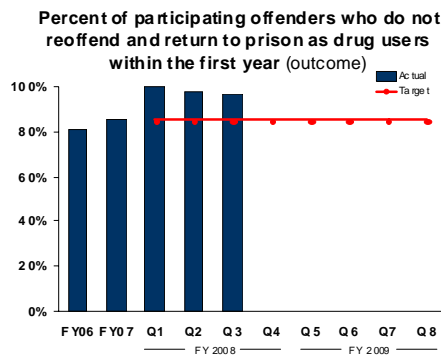
Analysis: Approaching target.



The **Project Safe Neighborhoods** program provides funding and technical assistance for programs designed to reduce gun and gang-related crimes in Eastern Washington.

Performance Measure: The percent reduction in index crimes in Spokane, Yakima, Benton, and Franklin Counties.

Analysis: Data is pending from the Washington State Association of Sheriffs and Police Chiefs and is expected in June 2008. The target for second quarter is 0 percent reduction in index crimes. The target for fourth quarter is a 0.2 percent reduction.



The **Residential Substance Abuse Treatment** program increases incarcerated offenders' access to substance abuse treatment to increase public safety through reduced recidivism after release.

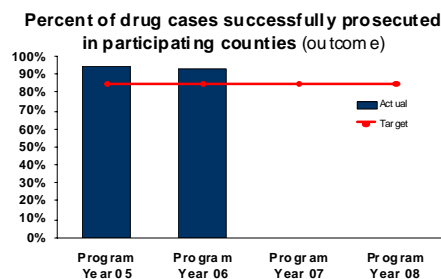
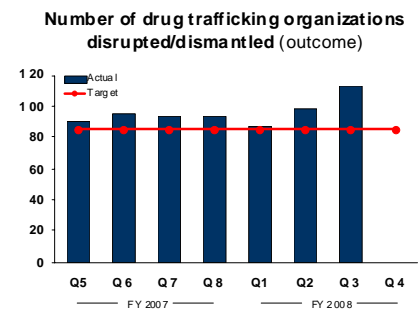
Performance Measure: The percent of participating offenders who do not re-offend and return to prison as drug users within the first year.

Analysis: Meeting Targets. Program funding was cut in the federal budget for fiscal year 2009. We have applied for funding through the Bureau of Justice Assistance (BJA) and are awaiting a decision.

The **Byrne Justice Assistance Grant** provides funding and technical assistance to programs designed to reduce drug trafficking and associated crime.

Performance Measure: The number of drug trafficking organizations disrupted/dismantled.

Analysis: Although task forces are rebuilding from funding cuts (40 percent each in federal fiscal years 2003 and 2004), they are still impacting drug trafficking organizations.



The **Drug Prosecution Assistance Grants** program provides funding and technical assistance to local jurisdictions to enhance their capacity to prosecute drug crimes.

Performance Measure: The percent of drug cases successfully prosecuted in participating counties.

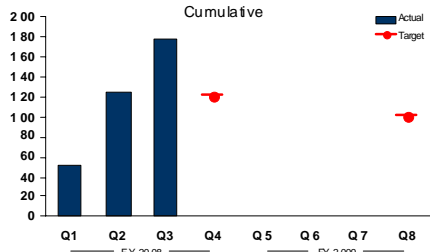
Analysis: 2007 data will be available January 2009. The program year is September 2007 to September 2008. Participating counties are: Clark, Snohomish, King, Pierce, Spokane, Yakima.

The **Governor's Council on Substance Abuse** recommends public policy to promote healthy, safe, and drug-free communities in Washington State.

Performance Measure: The percent of council members attending council meetings that are planned, staffed, and facilitated by staff.

Analysis: The target is 75 percent participation. We are approaching the target at 73 percent.

Number of firms and individuals certified in lead-based paint inspection and remediation (output)



The **Lead-Based Paint Hazard Mitigation** program ensures work performed within homes that contain lead-based paint is completed in a safe and healthy manner.

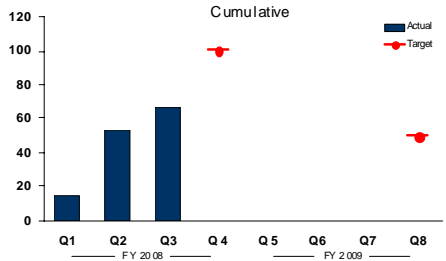
Performance Measure: The number of firms and individuals certified in lead-based paint inspection and remediation.

Analysis: Exceeding annual target. This program is funded by the Environmental Protection Agency. It will be affected by the recently issued federal renovation rule, which will expand who must be trained and certified.

Performance Measure: The number of units preserved through lead-hazard remediation.

Analysis: This program is funded through HUD's lead hazard control grant. Results were lower than expected in the third quarter due to winter storms and difficulty identifying homes suitable for mitigation (i.e. homes with children). Contractors are anticipated to complete more units in the fourth quarter (includes painting of exteriors to remediate lead-based paint hazards).

Number of units preserved through lead-hazard remediation (outcome)



The **Low Income Weatherization** program improves energy efficiency and preserves affordability of low-income housing through energy conservation measures.

Performance Measure: The number of units preserved through weatherization.

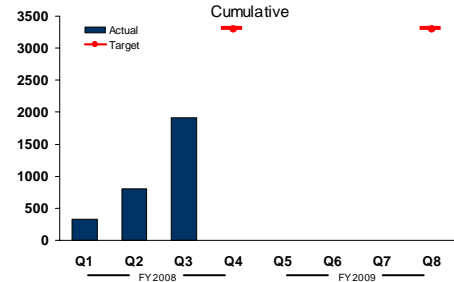
Analysis: We expect to meet our annual target, as another large number of units are expected to be reported in the fourth quarter from two high producing contractors that will be closing out their contracts.

Performance Measure: The number of units preserved through rehabilitation.

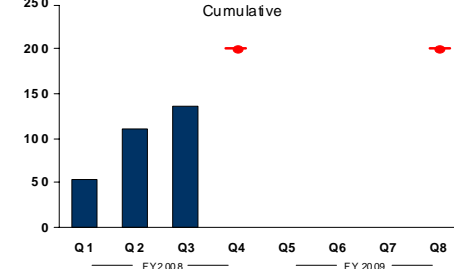
Analysis: We are three quarters of the way through the contract period with only 45 percent of funds expended. The program is dealing with a temporary bubble of funding created by contract consolidation and timing changes. This funding bubble is exacerbated by complex and cumbersome federal rules and low subcontractor availability during the strong housing market.

Rural contractors that were slowed down by winter snow and ice are completing more units as the weather gets better.

Number of units preserved through weatherization (outcome)



Number of units preserved through rehabilitation (outcome)



The **Drinking Water State Revolving Fund** finances improvements to public water systems to ensure they meet federal and state health requirements.

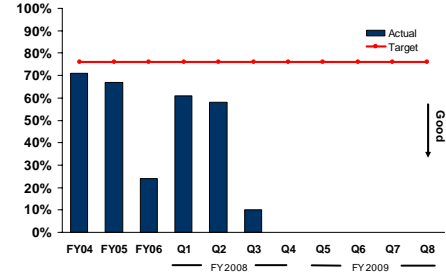
Performance Measure: The percent of total project funding provided by the Public Works Drinking Water State Revolving Fund (remaining funding is from other sources such as local, other state and federal).

Analysis: Meeting target. One project in the fourth quarter of FY 2008 had a significant amount of other funds.

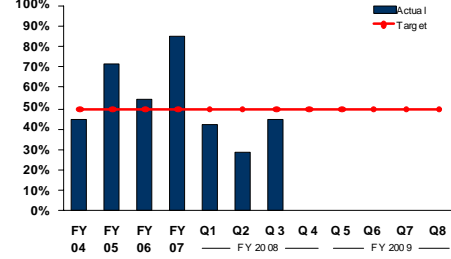
Performance Measure: The percent of projects completed on time, as per contract (within scope of work).

Analysis: Approaching target. The Public Works Board continues to work to break down barriers, such as permitting and readiness to proceed.

Percent of project funding provided by the Public Works Drinking Water State Revolving Fund (output)



Percent of projects completed on time, as per contract (within scope of work) (output)



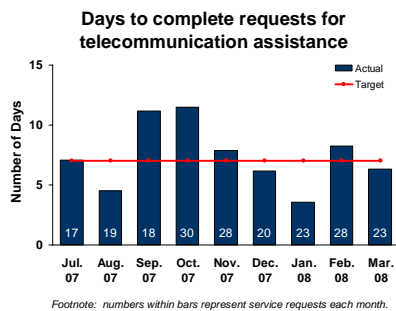
GOAL 5: PROVIDE BOLD LEADERSHIP AND EXCEPTIONAL SERVICE

In addition to performance measures directly linked to CTED’s budget activities, we measure performance of program 100. Program 100 consists of the Administrative Services Division, Director’s Office and Financial Services Division and provides business and financial support to enable the delivery of products and services by our various divisions.

Below are a few examples of performance measures for program 100.

Performance Measure: Maintain a customer satisfaction rating of four or higher.

Analysis: Business units within each division conduct an internal customer satisfaction survey twice each year. It consists of five questions that provide feedback on whether our internal service units are performing to our expectations. The target is a rate of four or higher on a scale of one to five. The last survey was conducted in April of 2008. Every unit within each of the divisions scored four or higher on all five questions, with the exception of two units scoring just under a four on one question each.

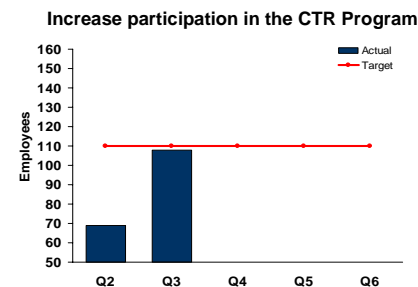
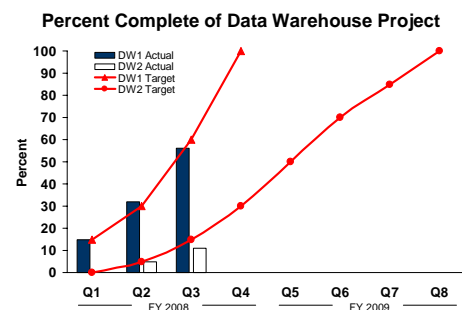


Performance Measure: The number of days to complete telecommunication assistance service requests.

Analysis: Not consistently meeting targets. We will continue to work with outside vendors to achieve quicker responses.

Performance Measure: The percent completion of the DataWarehouse project.

Analysis: Meeting phase one target and approaching phase two targets. We are now looking in divisional databases for performance and monitoring related information.



Performance Measure: The number of CTED employees who participate in the Commute Trip Reduction (CTR) program.

Analysis: Approaching target. 38 percent of employees participated in the third quarter. We have the highest participation rate in state government.

Performance Measure: The average number of days to hire new employees.

Analysis: This is the time between the date Human Resources receives a personnel action request and the date an offer is made. We are not meeting target and are working to bring the number of days down.



ASSESSMENT OF EXTERNAL CHALLENGES AND OPPORTUNITIES

This section describes current and future challenges for CTED to address and is the foundation for developing our objective and strategies. It is not intended to predict the future, but rather to offer a reasoned analysis of current conditions and trends that can inform alternative choices for CTED.

National Business Climate¹

The U.S. economy seems to be stalled, buffeted by the war on terrorism, hurricanes, a downturn in housing including a credit crisis, and sharp and sustained increases in oil prices during 2006, 2007, and 2008. Slower growth is expected over the next two years and economists have expressed concern about the potential for a recession.² A long-predicted slowdown in the housing market hit hard with a 38.5 percent reduction in housing starts in the fourth quarter of 2007 and a major reduction in home sales, which could further slow economic growth.³ The housing downturn was exacerbated by poor lending practices in the area of “sub-prime” mortgages, leading to an increase in foreclosures and problems in the banking sector of the economy. The dollar has declined against the world’s major currencies, which could have the effect of increasing the cost of imports and decreasing the value of exports for international customers. Compared with the U.S. dollar, the Canadian dollar is worth 16.3 percent more than a year ago, the Euro is worth 23 percent more, and the Yen is worth 19 percent more.

According to the Center on Budget and Policy Priorities report of December 2007, the most recent data from 1979 to 2005 adjusted for inflation shows that the average after-tax income of the top one per cent of the population rose by \$1,071,500 or 228 percent. The average income of the middle fifth of households rose \$50,200 or 21 percent, and the average income of the bottom fifth rose just \$15,300 or 6 percent, over the same period. Middle and lower-income families are losing ground in America’s economy.

Redirection of federal resources to the war and homeland security has resulted in reductions in federal funds that directly benefit communities, families, and individuals. Direct cuts to community development and law enforcement programs are currently being proposed by Congress, as well as cuts in other programs that are used in conjunction with state programs to serve the state’s low-income population. According to the President’s budget projections, funding for grants to state and local government for capital investment will decline in real terms from \$55 billion in 2006 to \$48 billion in 2011.

Linkage to Objectives: 1.1, 2.1, 3.1, 3.2 and 4.1

Washington’s Business Climate

While Washington’s economy remains strong compared to the rest of the nation, growth has slowed somewhat, with tax revenues increasing only 8.6 percent in Fiscal Year (FY) 2007, after an 11.5 percent rise in FY 2006. Business and occupation taxes and real estate excise taxes have both been strong contributing factors in the stability of Washington’s revenue forecasts. However, trends in the national economy, driven by increasing oil prices and the continued mortgage crisis, may mean further slowing of Washington’s economy, and the Governor and Legislature are preparing for potential revenue shortfalls.

Nevertheless, Washington’s long-term outlook appears positive. The state’s bond rating was raised in November 2007 from AA to AA+ as the result of the passage of ESSJR 8206 by voters. This measure amended the constitution to establish a budget stabilization account. Each year one percent

¹ Primary Source: Washington Department of Revenue

² Washington Economic and revenue forecast February 2008 Vol.XXX1, No 1 page 2

³ Ibid

of general state revenues are placed in the account and those funds are available in case of emergency. The AA+ rating is the second highest possible bond rating, and it allows the state to pay lower interest rates, thus saving costs over the life of Washington State's bonds.⁴

Washington is the fourth largest exporting state in the United States. Given Washington's position on the Pacific Rim, export-oriented industries such as aerospace, forest products, and agriculture will continue to benefit from Asian economic growth. A significant share of U.S. trade with Asia is expected to pass through Washington ports. In addition, the state's abundant knowledge-based industries, such as software and biotechnology, are expected to lead future economic growth. Encouraging innovation and global collaboration will enhance our competitiveness and maintain our advantages.

Several factors contribute to the comparative strength of Washington's economic outlook:

- In the next 25 years, worldwide aircraft demand is expected to remain healthy, although there have been a few recent setbacks in Washington's aerospace industry, including a trend toward increased out-sourcing of aerospace parts production, delays in delivery of Boeing's new 787, and the loss of a major military contract to build 767 derivative tankers in Everett.
- Washington will maintain a relatively healthy manufacturing base. Agriculture and food products will continue to benefit from improved access to worldwide food markets, and many of these markets are in fast-growing developing countries. The state's high-wage durable goods and high-technology industries will benefit from the expected trend toward lower and more stable interest rates, accompanied by increasing international demand for capital goods.
- A more integrated global economy will help expand state exports and stimulate export-related business activities.
- Recent business expansion and investment activities suggest that Washington has what it takes to attract more high-tech manufacturing and knowledge-based business service industries. The high wage jobs offered by these industries will help raise per capita income.

Washington's geographic location and strengths in high-tech, agricultural products, aerospace, and tourism create "brand name" recognition around the world. Foreign investors seeking new technologies are attracted to Washington because historically we have had one of the highest rates of new business creation and entrepreneurship in the country.⁵ The Small Business and Entrepreneurship Council rates Washington fourth in the nation for business climate.⁶ Washington business has strong support from the Governor, who has committed to two international trade missions per year.

Building for the future will depend on continued innovation and entrepreneurial endeavors. It will also require planning for growth and promoting the connection between Washington's business environment and its natural environment. In a time of a highly mobile "creative class" that can choose among many areas of the world to locate, Washington's quality of life is an attraction. We must preserve this competitive advantage by protecting our natural beauty, the quality of our air and water, and the livability of our communities.

CTED is poised to help grow Washington's economy in the new global era. We enjoy strong, positive, non-regulatory relationships with local governments. Our programs are oriented toward increasing local capacity and providing the local infrastructure needed for community health, safety, growth, and economic development. CTED's knowledge of local opportunities and obstacles can be leveraged to further improve local capacity to achieve their economic development goals through infrastructure improvements.

Linkage to Objectives: 1.1, 2.1, 3.1, 3.2 and 4.1

⁴ Washington State Treasurer and Secretary of State Voter Pamphlet 2007

⁵ Kauffman index of entrepreneurial activity by state (2007)

⁶ Small Business and Entrepreneurship Council's Business Tax Index 2008

Energy Impacts

Traditionally, many of our state's energy-intensive industries have relied on low energy prices, facilitated by Washington's strong hydroelectric capacity. However, new electricity generation has been in the form of natural gas, coal, and wind, rather than hydroelectric. In addition, the price of hydroelectric power is rising as the result of a variety of efforts to preserve endangered species and to accommodate agricultural needs. Businesses that left the state looking for less costly energy are unlikely to return to aging facilities; and increased global competition and lower overseas labor costs also impact industrial relocation efforts.

The costs of oil, gasoline, diesel fuel, and natural gas have been rising steadily for several years. The price of a barrel of oil rose above \$100 for the first time in 2007 and reached about \$126 by mid-May 2008. This has significantly raised the cost of transportation and commuting as well as the cost of home heating. Although the credit crisis has slowed home price increases, the portion of housing costs going for home heating continues to take a higher and higher percentage of family income. High oil prices and legislation passed in 2006 set Washington on a course to become a leader in biofuels development and to work with the biofuels industry to take full advantage of opportunities for alternative energy development.

Regional and state impacts of global warming are becoming increasingly apparent. Washington and the Pacific Northwest are experiencing rising temperatures and declining snow packs. Federal measures addressing the perils of global warming and the need for strong greenhouse gas emissions reductions have been slow in coming, but change and new national policies could emerge in the next six years. Rising petroleum prices, concern about global warming, and improving technology will mean that domestic and international demand for wind, solar, energy efficiency and other new/smart/clean technologies will increase.

Demand for cheaper and environmentally responsible power has moved our regulatory environment into new territory. On a large scale this has presented some interesting issues related to the permitting and siting of facilities, especially wind farms.⁷ On a smaller scale, many states are working on legislation related to installation of home-scale solar electricity generation systems. Community concerns related to solar power include neighborhood zoning and aesthetics, and access to unblocked solar energy. Eight states have enacted solar power legislation since 2005, most notably California's "solar rights" law that took effect in 2005, which among other things, bars cities and counties from restricting home solar power collectors.⁸

Linkage to Objective: 1.2

Transportation Impacts

Efficient and safe transportation is critical to Washington State's business climate, trade opportunities, and economic development, whether it involves commuters on crowded freeways and ferries or ship, truck, and rail transportation of consumer goods and industrial materials, or auto and air travel for visitors. Washington's transportation concerns include not only increased costs associated with environmental concerns and rising oil prices, but also construction and maintenance of the state's transportation infrastructure.

The Washington Department of Transportation has completed several studies showing the relationships between infrastructure and economic development. In June 2005, the Department of Transportation released the "Freight Movement" update to the Washington Transportation Plan. It identifies Washington as a "Global Gateway" for over \$400 billion in exports and imports, connecting the entire continental United States, Canada, and Alaska to ports across the Pacific via water, rail,

⁷ Interview with CTED Energy Office

⁸ "States remove local barriers to eco-friendly homes." USA Today, Traci Wilson May 12, 2008

and trucking.⁹ The report identifies choke points that cause time and efficiency loss, leading to extra costs, lost markets, and reduced capacity. Most of the time, Washington's transportation system is already used at nearly 100 percent of capacity, and the U.S. Transportation Department predicts an 80 percent growth in freight for the region.¹⁰

Transportation infrastructure impacts to Washington's economy and quality of life include:

- **Rail Infrastructure** – Rail transportation uses less energy per ton of freight moved, and has the potential to reduce congestion and commuter costs. Traditional and light rail projects undertaken by DOT are expected to positively impact the state's transportation picture.
- **Border Crossing** – The Blaine border crossing handles the fifth highest number of truck crossings between the United States and Canada, accounting for more than \$12 billion worth of goods annually. In the post-9/11 environment, the border has become a much more stringent and time-consuming barrier to the free movement of people and goods. In particular, this will create impacts during the 2010 Olympic Winter Games in British Columbia. Initiatives designed to mitigate border crossing impacts include increased border personnel and the new enhanced Washington driver's license.
- **Natural Disasters** – From I-5 flooding at Centralia, to avalanche control at Snoqualmie and Stevens passes, to earthquake damage on the Alaskan Way Viaduct, natural disasters can negatively impact Washington's economy. This past winter of 2007-2008, four days of I-5 flood closures resulted in an estimated \$4 million in lost business each day. Pass closures are estimated to cost Puget Sound businesses an estimated \$485,000 per hour.¹¹ This past winter season, Snoqualmie Pass was closed for more than 11 days for avalanche work at 39 different sites on the pass.
- **Airports** – A 2002 study of rural airport infrastructure found that communities without an airport are very unlikely to be considered by companies looking at relocation or building new facilities. Communities without airports have less access to emergency health care services and delays in provision of emergency disaster response. The study also found that airports are a necessary element of any overall economic development plan.¹²

Linkage to Objectives: 1.2 and 2.1

Health Care Impacts on Economic Development

Health care costs are forecast to continue to increase, impacting employers and employees alike. Washington State, according to a 2007 study,¹³ ranks thirteenth highest in the nation, ahead of California, Idaho, and Oregon in health insurance premium costs. Health insurance costs are an important factor in business recruitment and expansion decision-making. Cost increases also impact local and state government as employers and as providers of health care services and insurance for low-income residents. Budget impacts of health care costs affect governments' ability to pursue infrastructure and other economic development initiatives.

The Congressional Budget Office also predicts health care costs will continue rising rapidly, with the annual rate of growth of Medicare spending projected to increase from 7.4 percent in 2008 to about 8.9 percent in 2016.¹⁴ Rapid growth is also projected for Medicaid spending – an average of 8.3 percent annually from 2008 to 2016. Spending for both programs, measured as a share of the

⁹ Washington Transportation Update, Freight Movement, June 2005 Ivanov, Barb and Stratton, Elizabeth WSDOT Page 9

¹⁰ Ibid

¹¹ Lack of cooperation has slowed flood-control work, Daily Olympian December 9, 2007

¹² Determining Infrastructure needs for rural mobility: functions and benefits of rural airports in Washington, Newkirk, Jon and Casavant, Ken WSU July 2002

¹³ eHealthinsurance. 2007a. The Costs and Benefits of Individual Health Insurance Plans"

¹⁴ CBO testimony, Statement of Donald B. Marron Acting Director, The Budget and Economic Outlook: Fiscal Years 2007 to 2016 before the Committee on the Budget United States Senate, February 2, 2006

economy, are expected to rise to 10.8 percent of Gross Data Product in 2016, up from 8.7 percent this year. Beyond 2016, these trends are projected to continue. The situation for working families is precarious; health issues are the primary cause for personal bankruptcies,¹⁵

The need for solutions to the health care crisis also presents opportunities for Washington State. The potential for growth in high technology industries, innovative health services, and manufacturing of health-related equipment and medications could become a viable element of a state investment strategy.

Linkage to Objectives: 3.1, 3.2 and 3.3

Demographics and Growth

According to OFM, Washington's population is expected to grow from 6.5 million in 2007 to 8.57 million by 2030, equal to adding another King and Snohomish County to the state. The opportunities and challenges inherent in this 31 percent increase affect almost all of CTED's programs and goals. Among the many effects, funding local infrastructure investment to handle the increased demands on water and sewer systems and open space is perhaps the biggest challenge facing both local and state governments.

Many of the counties that are expected to experience the highest population growth rates are outside the Central Puget Sound region and generally have less capacity and fewer resources to plan for this growth and to provide services and infrastructure. As urban growth affects adjacent rural areas, growth-related issues may emerge that the rural counties are ill-equipped to address. For example, Stevens County is expected to grow significantly, especially in the southern part of the county, because of its proximity to Spokane. Mason and Skagit counties are also forecast to experience growth from nearby urban areas.

Technology advances make it increasingly possible to live and conduct business in areas outside of large cities, generating growth pressures throughout the state. In addition to creating challenges, technology may also create opportunities for rural communities and for those seeking a second home or workers whose job skills allow them to live in lower cost areas. In addition, retirees still healthy enough to engage in an active lifestyle are likely to seek vacation homes in rural, less hectic, and lower-cost areas.

Other impacts of population growth and local planning needs on CTED programs include:

- Providing funding for infrastructure projects.
- Supporting housing convenient to transportation options and job centers for a range of income levels.
- Enhancing public safety in urban areas to make them more desirable.
- Promoting land use decisions that encourage opportunities for physical activity, such as investments in pedestrian and non-motorized facilities.
- Assisting communities to redevelop and reclaim established downtowns and close-in neighborhoods as an alternative to sprawl.
- Assisting border communities, such as Clark and Whatcom counties, with issues related to growth fueled by conditions in Oregon and British Columbia.

Linkage to Objectives: 3.2 and 5.2

¹⁵ <http://www.californiahealthline.org/index.cfm?Action=dsplItem&itemID=108808>

Immigration

According to OFM, immigration fueled by employment opportunities will continue to be a major contributor to the state's population growth, an indicator of the perception of the state's communities as attractive, livable, and economically viable.

Immigrants have contributed to both the size and quality of the state's labor force. Many Washington immigrants have relatively high educational levels, and many are employed in highly-skilled jobs. According to data from the 2000 Census, 38 percent of working-age immigrants to Washington between 1995 and 2000 had bachelors' degrees or higher, as compared with 28 percent of adults who were longer-term residents of the state. These recent immigrants accounted a high proportion of the workforce in some high-wage sectors during 2000 – estimated at 40 percent of the software industry, 25 percent in computer and electronics manufacture, and 20 percent in professional and technical services workforces. Washington's ability to attract mobile, highly-educated workers is a true competitive advantage illustrating that quality of life factors are important to the state's competitive position.

Linkage to Objective: 1.1

An Aging Population

The aging of Washington's population will have widespread and profound impacts on both the economy and public policy. For CTED programs, these impacts include land use planning, demand for services including health care and senior services, economic opportunities especially in service industries, need for new forms of housing, and state and local program costs.

Individuals over age 65 are an increasing percentage of Washington immigrants. Immigration decisions of senior citizens are mainly determined by quality of life, amenities, and services available in the destination communities. Senior immigrants affect the state labor market differently from job-seeking immigrants. Retirees and seniors do not necessarily compete for job opportunities, but their assets and incomes contribute to the local economy and the demand for labor. On the other hand, senior citizens are intensive users of public and private services, increasing the need for services and stimulating employment growth in service sectors. Including immigration and the aging of current residents, the percentage of Washington's population age 65 or older is expected to continue to increase from an estimated 14 percent in 2016 to more than 19 percent in 2030.

Linkage to Objectives: 3.1 and 3.2

Poverty and Household Financial Status

While Washington State as a whole is moving forward, economic vitality is not evenly distributed. One indicator of the disparity is growth in per capita income. Rural counties have generally underperformed urban areas, and resource-dependent areas have continued to experience slower or even negative growth. CTED's economic development programs such as Community Economic Revitalization Board and Community Development Block Grant target rural areas. However, these programs, while effective on a project-by-project basis, are not enough to overcome these areas' economic disadvantages.

Similar to the rural/urban differences in economic outlook, the state also has disparities among income levels. According to the U.S. Census Bureau, the number of Washington families living at or below the federal poverty level was six percent in 2007. The adjusted poverty income level for a family of four is \$21,200.¹⁶ This means that 120,714 families in Washington, including 206,550

¹⁶ U.S. Census Bureau Poverty Thresholds 2007

children, live at or below the poverty level.¹⁷ Two separate studies indicate that the amount of income needed to meet basic needs in Washington for a family of four is between \$30,000 and \$40,000.¹⁸ The cost of living for households is expected to remain high or to rise. Home prices and mortgage interest rates have gone down in response to the mortgage crisis, but it is not known how long this pause in housing cost increases will last, and most forecasts predict foreclosures will continue at a high rate for another year. In addition, the share of family income devoted to energy-related costs is rising. The effect on individual purchasing and location decisions is likely to be felt over the next several years as families adjust to the increased costs for housing and commuting.

In order to improve prospects for Washington's low-income residents, the state has made a concerted effort to preserve programs and services for the poor and to pass policies that increase household income. For example, the state has the highest minimum wage in the nation and the first minimum wage indexed to inflation.¹⁹ State support of Earned Income Tax Credit outreach and tax filing assistance helped many families receive a federal tax benefit. Washington's Basic Health program provides an affordable health insurance plan for many low-income families. Childcare subsidies have aided families in working to earn more income. The State's Individual Development Accounts help families to save and to create a hopeful future.

What are State Individual Development Accounts (IDAs)?

IDAs make it possible for working poor families to save money to buy a house, start a business, or get a post-secondary education.

For every dollar saved, participants receive a dollar for dollar match that is put into an account until they have enough for their initial investment. Participants attend financial skill building classes to learn how manage their budgets to meet their goals.

In spite of these efforts, economic pressure on low-income families is increasing. Rising fuel prices for heat or transportation and housing costs are only two of the forces straining low-income budgets. Also contributing to the problem is the lack of financial literacy that contributes to ill-informed economic choices among low-income families, such as falling prey to high interest credit and payday loan companies.

CTED's strategies include programs to prevent low-income families from falling further behind and to support them to improve their financial positions. In 1996 and again in 2000, the national Community Action Partnership conducted surveys of thousand's of communities in the United States. Their results indicated that the policy agenda should be focused on three areas – jobs and income, meeting basic needs, affordable housing. The study suggests policies and action plans necessary to positively impact the status of families currently living in poverty or at risk.

The Washington D.C. Center for the Study of Social Policy has identified a list of 20 policies that would have a positive impact on low-income families. These policies are divided into five areas: Income and Asset Growth, Employment, Health, Education, and Family. In 2006, CTED conducted Community Forums in 14 locations around the state. Participants were asked to identify the issues affecting low-income people in their communities and to suggest strategies to address these issues. The outcomes for Washington closely correlated with the national studies, with family wage jobs and housing competing for first place as the primary issue affecting low-income families, followed by access to health care, mental health services, and transportation.

Linkage to Objectives: 1.1, 3.1, 3.2 and 5.2

¹⁷ National Center for Children in Poverty Demographics of Poor Children 2008. Defined as living below poverty level

¹⁸ The Northwest Area Foundation commissioned a study that was released in March 2006 that asked study respondents to indicate the amount needed for a family of four to make ends meet in their community, and the figures were from \$30,000 to \$40,000. The Seattle Jobs Initiative commissioned a study in 2004 called *Beyond the Bottom Line: Expanding Economic Opportunities for Washington's Working Families*. This 2004 study contains a "Self-sufficiency Standard" that is based on the actual annual cost of housing, food, childcare, healthcare, transportation, taxes, and a small miscellaneous category, in four communities: King-Seattle, Spokane, Yakima, and Grays Harbor. The costs range from \$34,368 in Gray's Harbor to \$40,572 in King-Seattle.

¹⁹ In 2008, Washington has the highest state minimum wage at \$8.07 an hour. That is 38 percent higher than the federal minimum wage of \$5.85 an hour. The next highest are California and Massachusetts at \$8.00. Source: U.S. Dept of Labor

Housing for Low-Income Families and Individuals

Population growth and the high cost of housing continue to widen the gap between the demand for affordable housing and the supply. According to the U.S. Census Bureau, in 2003 Washington's median home value was the tenth highest in the nation,²⁰ 35 percent of the state's households that pay mortgages, and 49 percent of all households that rent, spent 30 percent or more of their income on housing in 2003.²¹ Approximately 67.6 percent of Washingtonians owned their own home in 2005 – the eighth lowest level nationally.²² The National Low Income Housing Coalition (NLIHC) ranked Washington as having the tenth least affordable rental housing in the nation. An estimated 23.6 percent of renters are paying over 50 percent of their income for housing – making the state thirty-ninth nationally on NLIHC's affordability scale.²³

Statewide, 218,000 households are below 50 percent area median income (AMI) and pay more than 30 percent of their income for housing. In King County, 50 percent of AMI for a family of four is \$40,700 and in Spokane County it is \$28,800. To afford a two-bedroom apartment, a household must earn nearly \$15 an hour, while the average wage for renters is only \$12.50 an hour. Even when people can find affordable housing it is increasingly located far from their workplaces, adding stress and an additional financial burden for low-income families, and negatively impacting the environment. Lack of safe, affordable housing creates many problems for low- and moderate-income households, including financial instability, poor school outcomes, increased reliance on emergency services, and increasing criminal justice costs.

As the state's housing agency, CTED is challenged with maximizing the effectiveness of available housing resources to:

- Keep publicly-funded units affordable over time – Increasingly, keeping units below market rate isn't the same as keeping units affordable at the lowest income levels. Low-income home rehabilitation and repair costs have increased over the past several years due to increased energy and construction costs.
- Maintain the condition of both affordable rental housing and homes occupied by low-income residents – Housing preservation efforts such as mitigation of lead-based paint hazards and low-income housing weatherization are dependent upon uncertain federal funding. Although the state weatherization programs received large infusions of state resources during the 2007-2008 legislative session, local agencies will find it challenging to develop enough capacity to most effectively use these funds.
- Maintain essential housing-related services – Services, such as employment, drug rehabilitation, or mental health counseling, are often critical factors in keeping a family housed. The link between housing and needed social services is being eroded as sacrifices are made between affordability and operation and maintenance.
- Increase farm worker housing – Limited non-profit development capacity, necessary infrastructure, and lack of developable land are barriers to the creation of farm worker housing. Rural communities continue to be resistant to placement of large farm worker projects, and federal funds are becoming less available.
- Relocate displaced residents of manufactured home communities – Closures of mobile home parks have accelerated statewide over the past few years from five parks closing per year in 2001 to 18 in 2007 and 17 more so far in 2008. This represents a loss of over 2,000 housing spaces in the last three years. As land supply tightens and property values rise, many mobile home park owners are deciding to use their land in other ways.

²⁰ U.S. Census Bureau, *Statistical Abstract of the United States 2003*

²¹ U.S. Census Bureau, 2003 American Community Survey Data

²² U.S. Census Bureau 2005 Housing vacancy and Home ownership 2005

²³ NLIHC, *Up Against a Wall 2004*

- Assist the homeless to find and afford homes – CTED’s January 2007 census of homeless individuals and families estimated the state’s homeless population at 22,045. Only about 75 percent of whom were sheltered during that mid-winter census.²⁴
- Demonstrate the social and economic value of creating affordable housing – Benefits of providing affordable housing include reducing expenditures needed to build and operate correctional facilities; reducing the number of indigents treated in emergency rooms; and reducing the number of children entering school that are not ready to learn as a result of not having had a decent, safe, place to sleep the night before.

Linkage to Objective: 3.2, 3.3 and 4.1

Community Safety

Successful communities must also be safe communities. A “safe community” feels safe to residents based on more than statistics. In fact, the perception of safety contributes to actual safety, as law-abiding citizens’ presence on the streets serves as a deterrent to crime. The effects of crime on stifling economic development efforts are well documented, particularly in downtown areas.

Crime is a critical intergovernmental issue. State and local concerns include methods for release and monitoring of sexual-predators in communities; siting of prisons and jails; funding for local government courts, jails, and services; and the strain on rural government resources to address criminal behavior.

It is likely that the state will continue to be challenged to address the gaps in financing local government responsibilities, many of which directly relate to safe communities and their role in the statewide criminal justice system. Federal criminal justice funds have been cut repeatedly in the past several years, and that trend is likely to continue. The state budget has recently included backfill funding to replace some of the federal funding cuts in law enforcement task forces and Justice Assistance Grants.

Specific issues that currently have the most significant negative impacts on community safety include:

- Methamphetamine use and abuse of prescription drugs such as Oxycodone, which have substantial impacts on families, social support structures, the state’s economy, and the health care system, particularly in smaller communities. Because the equipment used for methamphetamine production is portable, meth-cookers often choose to move into rural areas where the odds of detection may be lower and law enforcement resources are strained. The Attorney General has made meth a signature issue for his administration.
- Identity theft, metal theft, and many other persistent property crimes, which are frequently connected to methamphetamine abuse. While law enforcement has been successful in eliminating many meth labs, the drug continues to be transported into the state, and abusers frequently turn to other criminal activities to support their addiction.
- Domestic violence – According to data from the Washington State Coalition Against Domestic Violence (WSCADV), in fiscal year 2006, approximately 6,200 women and children were given shelter in domestic violence shelters, but 36,522 individuals were turned away because of the lack of shelter capacity. These women and children are at high risk of serious injury or death. WSCADV data shows that between 46 and 60 percent of women on welfare have been subjected to domestic violence.²⁵ The cost of domestic violence can be translated in terms of lost productivity, welfare and shelter costs, and law enforcement and court costs. The social costs of damaged lives, damaged families, and intergenerational dysfunction is even greater.

²⁴ <http://www.cted.wa.gov/DesktopModules/CTEDPublications/CTEDPublicationsView.aspx?tabID=0&ItemID=5800&MIId=870&wversion=Staging>

²⁵ A Review of Research on welfare and Domestic Violence, Journal of Social Issues 56 2000 Tolman, Richard M, and Raphael, Jody

- Human trafficking – Nationwide, the number of victims trafficked into the United States is estimated between 14,500 and 17,500. Over four years, the number of those victims found was only 611.²⁶ Washington State leads the nation in efforts to address human trafficking, and was the first state to enact legislation criminalizing trafficking and providing services to victims. The state Human Trafficking Task Force recommendations include funding development and implementation of a public awareness and training plan, and funding direct services to trafficking victims.

Linkage to Objectives: 3.1, 3.2, 3.3 and 4.1

Local Government Financial Condition and Capacity

Initiatives passed by Washington voters, along with reductions in federal and state funding, have severely impacted local government finances and continue to erode local revenues, affecting local governments’ ability to provide services and facilities. In addition to reducing law enforcement and public safety capacity, this local government financial crisis has particularly affected the provision of essential infrastructure. While funding has been reduced, state and federal quality and environmental requirements and costs of supplying domestic water and sanitary sewer treatment have been going up every year.

Based on a series of 10 measures of local government fiscal health, a 2007 study found that 23 of 39 counties and between 121 and 145 of our state’s 281 cities are fiscally stressed.²⁷ Many local governments are borrowing more money to complete infrastructure projects, delaying projects, or not doing them at all. Numerous cities have cut public safety staff and several rural counties are in particularly precarious financial shape.

Small Counties Losing Ground

During 1997-2006:

- Although statewide county revenues increased 48%, revenues in the state’s smallest counties (by population) increased only 3.54%.
- Population served increased by 13%.
- Inflation was 25.6%.
- Sales tax revenue and state shared revenue collected in the smaller counties both declined, increasing local dependence on federal and state grant funding and diverting road fund revenue to more essential services.

The result is increased demand for diminishing state and local funding. For example, requests for loans from the Public Works Trust Fund (PWTF), CTED’s major infrastructure program, have exceeded the availability of loan funds by more than 100 percent since at least 2000, and the gap appears to be widening.²⁸ In the 2006-2007 biennium, PWTF received five times as many requests as it had available. In Fiscal Year 2008 to date, more PWTF loans have already been granted than the total for the previous biennium.

Public Works Trust Fund – Loans Requested and Loans Awarded					
	2000-2001	2002-2003	2004-2005	2006-2007	2008 to Date
Requested	\$432,000,000	\$554,000,000	\$634,000,000	\$707,000,000	\$502,333,802
Awarded	\$291,000,000	\$278,000,000	\$395,000,000	\$243,000,000	\$277,950,000

²⁶ Assessment of U.S. Government Efforts to Combat Trafficking in Persons in Fiscal Year 2004, September 2005, p. 19, <http://www.usdoj.gov/ag/annualreports/tr2005/assessmentofustipactivities.pdf> as quoted in CTED’s 2005 Report of the Washington State Workgroup on Human Trafficking

²⁷ “County Financial Health and Governance Alternatives” Pflug, Anne; December 1, 2007; Department of Community, Trade and Economic Development; Appendix E

²⁸ Cindy Chavez; PWTF CTED

Real estate market slow downs have also negatively impacted the Public Works Trust Fund, since it relies substantially on the Real Estate Excise Tax (REET). The State Forecast Council recorded a drop of about 11 percent in last quarter of 2007, and the REET is expected to decline by another 30.9 percent in 2009-10. It is not expected to stabilize and resume a more normal growth pattern until after 2011.²⁹

The gap between the demand and supply of infrastructure funding is further aggravated as many water and sewer facilities built in the 1970s with low-cost federal loans and grants reach the end of their useful lives. To address this gap, in 2006 the Legislature enacted a pilot local government infrastructure option – the Local Infrastructure Financing Tool (LIFT) – that shares increased state tax revenues generated by local economic development investments. Five cities and Spokane County have received a total of \$5 million in annual taxing authority under the program.³⁰ If successful, LIFT may help decrease the infrastructure funding gap by leveraging local economic development efforts.

State policies that encourage cities to annex adjacent urban areas, designed to increase service provision, has had the unintended result that annexations and new incorporations reduce the capacity of counties to fund services in more rural areas. This is particularly acute in public safety and criminal justice services, which counties are required to continue providing even after the high revenue areas are absorbed by the cities.³¹

Recent initiatives have limited local government revenue capacity. In the past, counties were authorized to levy property taxes annually on 106 percent of the property's previous year's assessed value plus the value of any new construction on the property. Recent initiatives have reduced that to 101 percent plus the value of new construction. For most local jurisdictions receiving property tax support, this is less than the rate of inflation. In addition, local governments that formerly relied on motor vehicle excise tax revenues to fund essential services have been faced with finding new revenue sources or cutting services.

Local governments need assistance not only with funding for services and projects, but they also need assistance with meeting planning requirements, completing capital projects, meeting environmental standards, and operating crime prevention and public safety programs. Technical assistance with planning as well as with obtaining financing will continue to be the key to augmenting local capacity.

Linkage to Objectives: 1.1, 4.1 and 5.2

²⁹ February 2008 Washington Economic and Revenue Forecast; Washington State Forecast Council

³⁰ Matt Ojennus, LIFT program manager at CTED

³¹ "County Financial Health and Governance Alternatives", Department of Community, Trade and Economic Development Study, December 1 2007.

ASSESSMENT OF INTERNAL CAPACITY AND FINANCIAL HEALTH

As part of the strategic planning process, in addition to assessing our external environment, CTED assessed internal factors affecting our ability to accomplish our mission, goals and objectives.

Technology Factors

Information technology advances available to even the smallest businesses have raised the bar of customer expectations of government services in the 21st century. CTED is challenged to create technology tools to improve both internal operations and customer service, particularly given the diversity of programs and types of assistance we offer. Technology investments under way or anticipated in the near future include:

- Internet-enabled application forms and information – Customer feedback indicates that coordinated application processes and requirements, readily available on the internet and user-friendly are a high priority. A single point of contact is needed for forms and information about requirements that pertain to a jurisdiction's project depending on which funding sources they are applying for, such as Growth Management Act compliance, Green Building sustainability requirements, Davis-Bacon Act wage standards, and federal and state historic preservation review requirements. CTED's customers would like an application process that incorporates common elements required by all programs, so the customer does not have to duplicate efforts if they apply for more than one funding source.
- An agency-wide, Internet-based grant, contract, and loan management system – In addition to coordinated application processes, CTED can gain program management efficiencies through a common case management tool, available throughout the agency. We are partnering with the Office of Financial Management and other state agencies in developing this tool, which will enhance customer services such as grant and loan accounts payable and receivable, and will facilitate other CTED strategies, such as portfolio risk management.
- A data warehouse – Maintaining accurate, accessible, meaningful, and current data about agency operations, local government financial capacity, community demographics, and other relevant data is essential to agency performance management and investment portfolio risk management. CTED's information technology staff is already working on creating a data warehouse to meet the agency's data needs.
- Migration to Department of Information Services (DIS) servers – CTED maintains its own servers, which creates challenges around space for the servers as well as maintenance of the necessary climate-controlled environment. To deal with server challenges and comply with new DIS requirements, we are planning to migrate our network to DIS servers in the near future.
- A business portal – CTED will continue to make participation in the statewide Business Portal a priority. We recognize the statewide potential in developing a single internet portal that provides the business community with integrated, convenient access to government services.

For more information, please see CTED's Information Technology Portfolio.

Linkage to Objective: 5.2

Workforce Factors

Any organization is dependent on the expertise of its workforce to be successful. This is particularly true for an agency like CTED, which consists of so many different, small programs. Some of our programs are small enough to be managed by only one or two staff, making issues of maintaining institutional knowledge especially critical. Areas of challenge for the agency include documentation of operational procedures and succession planning.

- Employee retention – Critical CTED program information frequently resides in individuals rather than systems or centralized records. In the key mid-management ranks, more than 50 percent of agency staff will be eligible to retire within the next five years; 62 of the agency’s 363 employees (17 percent) are retirement-eligible within the next two years.³² This is potentially a major threat to our success. Further, because almost all program knowledge is transferred person to person, new recruitment must contain sufficient overlap to assure adequate knowledge transfer.
- Regional office staffing – Setting up and staffing regional offices is a new opportunity for CTED, as we have traditionally operated almost exclusively out of offices near the state capital, with a small contingent of international trade staff in Seattle, and an even smaller (one or two staff only) economic development office in Spokane. Staffing several regional offices requires either relocating current staff or recruiting and training staff from local communities. Not only does this create logistical challenges, but it also means cultural changes and adaptations in how CTED staff communicate and work together, as well as cross-training so that staff who have had only program-specific knowledge will now be knowledgeable about a variety of CTED programs on which they may be required to provide technical assistance to their communities.

Linkage to Objectives: 1.1, 5.1 and 5.2

Service Delivery Factors

CTED’s investment portfolio grows every year. Not only are additional funds added to existing programs and new programs created periodically, but also many of CTED’s contracts need to be monitored over an extended period of time. Housing Trust Fund loan contracts, for example, remain open for up to 40 years. Managing increasing workloads within current staffing and budget levels requires us to rethink work processes.

- Portfolio management – Because of lengthy contracting timelines, in addition to application and award of grant and loan contracts, CTED’s business increasingly must focus on making sure that the projects in our investment portfolio remain in compliance with contract requirements and continue to serve the public purpose for which they were awarded funding. This will require new business processes and organizational realignments. CTED’s Housing Division has already begun this process, and will collaborate with the Local Government Division, Public Works Board and International Trade and Economic Development Division to create and implement portfolio management best practices.
- Infrastructure consolidation – The 2005 Berk Infrastructure Report, commissioned by the Office of Financial Management, characterized the state’s infrastructure programs as “a collection of programs, created and amended by the Legislature one at a time, to meet specific needs identified at that time and not designed to work together or recognized as an integrated system.” This description applies not only statewide, but also to CTED’s own infrastructure programs. In order to take a leadership role in addressing this issue, we have begun by creating a new “back office” process – the Contract Administration Unit – to provide efficiencies to manage infrastructure contracts and to establish an infrastructure portfolio management process. Resources from several parts of the agency have been grouped together to leverage expertise in contracting, grant management, and other business practices, and to begin addressing cross-training and succession planning issues. CTED is also considering a proposal to consolidate all of its infrastructure programs under a single division by December 2008, organized along business function, rather than program, lines.

Linkage to Objectives: 5.2

³² December 2007 VEBA eligibility requirements 62 out of 363 FTE.

Facility Factors

To better serve our customers, streamline operations, create cost and time savings, and attract and retain a dynamic workforce, we are pursuing enhancement of our regional offices and consolidation or renovation of our existing building(s) in Olympia.

- Regional offices – The International Trade and Economic Development division began establishing regional offices during the past year to better serve communities and businesses. Establishing regional offices in seven regions statewide has required CTED to locate office facilities, purchase computer and other equipment, establish network connections, and recruit staff. Other divisions will be providing additional staffing in the regional offices during the next biennium. The regional office functions are new enough that all facility needs and impacts have not yet been fully assessed.
- Headquarters facilities – The majority of CTED’s headquarters staff are housed in five separate locations in the Olympia area, creating communications and networking challenges. One of the larger agency buildings housing approximately half of the Olympia staff is aging and has ongoing environmental and air quality issues. In addition, a recent survey of our employees identified a better working environment as a high priority in making decisions to remain employed at CTED. In alignment with state priorities, CTED intends to substantially reduce its carbon footprint over the next five years. To achieve environmental and workforce goals and the efficiencies of a collocated workforce, we intend to reassess space requirements and determine the best way to create a convenient, healthy, “green” facility. Options may include substantial renovations to current facilities or moving to a larger new or other renovated building in the Olympia area.

Linkage to Objectives: 1.2 and 5.1

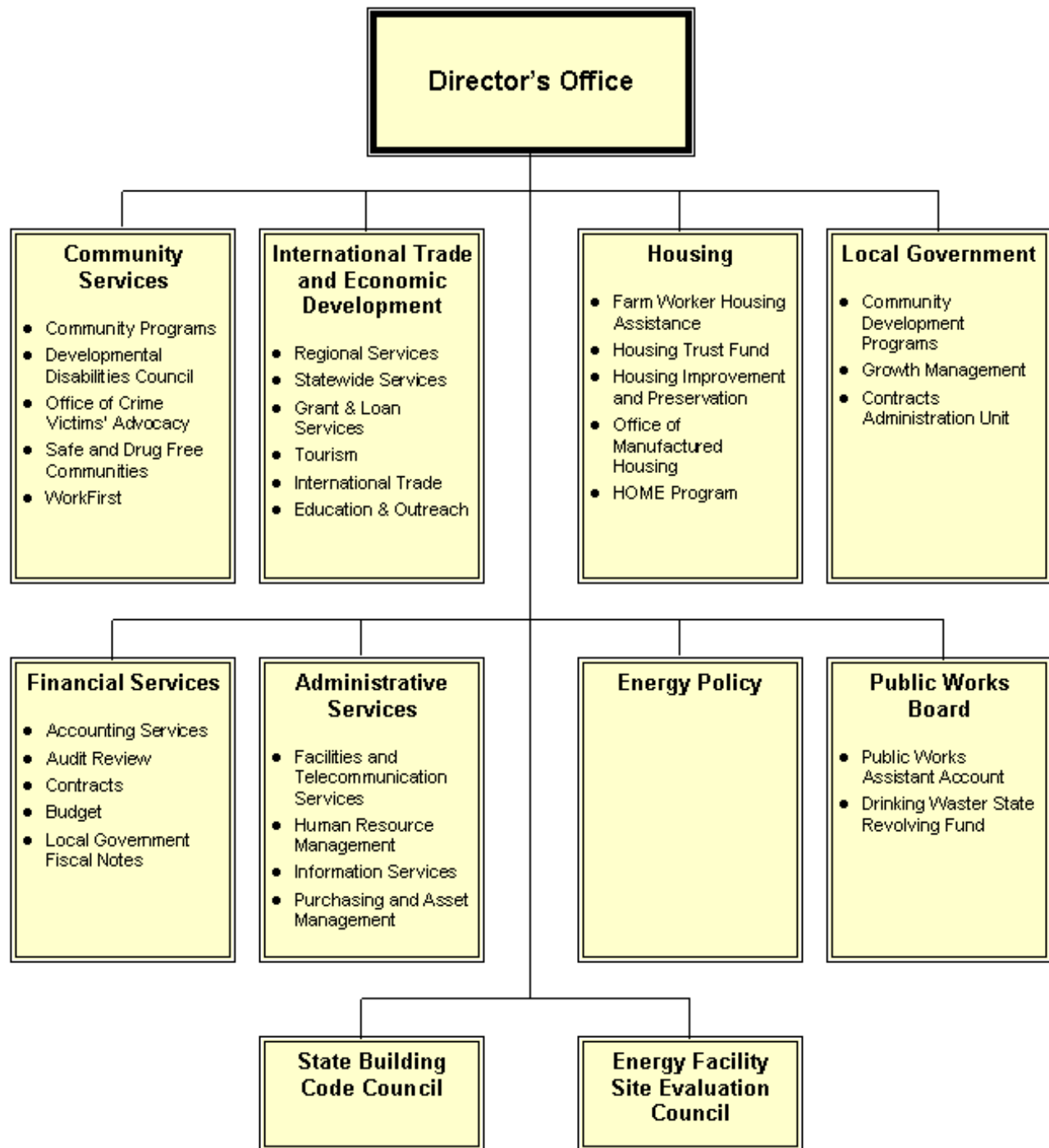
Financial Factors

CTED is financially stable at this time. Concerted efforts at creating operating efficiencies have allowed us to increase service delivery capacity without major budgetary impacts.

- Reductions in federal funding – Of the most financial concern are reductions in funding of federal programs. Federal cuts have impacted several CTED programs, including a 68 percent cut to the Justice Assistance Grant program. In some cases, program cuts may become necessary. In other cases, in order to continue delivering services we may need to look for other funding sources.
- Decision packages – CTED is in the process of assessing which strategies may require additional funds to accomplish our objectives and strategies. We are preparing decision packages with estimates of additional costs to forward to the Office of Financial Management for consideration in the 2009-2011 Biennial budget.

Linkage to Objective: 4.1

APPENDIX A – ORGANIZATION CHART



APPENDIX B – CTED DIVISION DESCRIPTIONS (LISTED ALPHABETICALLY)

Administrative Services

The Administrative Services Division provides centralized, general business support to enable the efficient delivery of services and products by the various divisions of CTED. The program includes the Director's Office and a number of business units including Human Resources, Information Services, Purchasing and Asset Management, and Facilities and Telecommunication Services.

Community Services

The mission of the Community Services Division is to strengthen the health, safety, self-reliance, and economic vitality of individuals and families by building community partnerships to provide service and advocacy. The programs in the division include Office of Crime Victims Advocacy (safety and advocacy for victims of crime); Community Programs Unit (support to the community action agency network and other non-profits which provide emergency assistance, family development, advocacy and protection of vulnerable populations); Developmental Disabilities Council (federally mandated advocacy for vulnerable populations); and WorkFirst's Community Jobs and Business Outreach Programs.

Energy Facility Site Evaluation Council

The Energy Facility Site Evaluation Council (EFSEC) is an independent state permitting board with representatives from five state agencies and a Governor-appointed Chair. It is responsible for reviewing major new energy facilities that are 350 megawatts or larger and alternative energy facilities of any size that choose to be sited under EFSEC. EFSEC conducts a one-stop comprehensive project review and supersedes all other state and local agencies for issuing permits. It continues as the regulatory agency for approved major energy facilities. EFSEC currently has nine energy projects that are directly billed for all application processing and compliance monitoring costs.

Energy Policy

The Energy Policy Division provides leadership, information, and analysis to develop energy policy decisions for a safe, affordable, and environmentally sound energy future for Washington's communities, businesses, and citizens. The division includes state energy policy analysis and implementation, energy emergencies, energy/economic development, and contracts management/pass through.

Financial Services

The Financial Services Division provides leadership and centralized, general financial support activities to enable the efficient delivery of services and products by the various divisions of CTED. The division includes Budget, Accounting, Contracts, and Audit Review.

Housing

The Housing Division creates sustainable, affordable housing for low-income households and persons with special needs; administers emergency, transitional, and permanent housing for homeless persons; preserves and improves existing affordable housing, including weatherization, training and remediation of lead paint hazards; provides manufactured home relocation assistance; and provides financial and technical assistance for the development of farmworker housing. The division also assists vulnerable families and individuals with services to meet their basic needs.

Local Government Division

The Local Government Division supports communities as they make decisions about their future, then helps in making their comprehensive plans a reality through strategically funding infrastructure improvements and promoting vital public safety programs so that communities are safe, economically viable, and satisfying places to live and work. Division work units include Community Development Programs, Growth Management Services, and Contracts Administration.

Public Works Board

The purpose of the Public Works Trust Fund (PWTF) and the Board is to provide financial assistance to local governments and private water systems for critical public works projects and to encourage self-reliance at the local level. The Board administers two major funding sources: The Public Works Assistance Account, which funds all PWTF programs; and the Drinking Water State Revolving Fund, which funds all Drinking Water State Revolving Fund loans.

State Building Code Council

The State Building Code Council was created in 1974 to provide independent analysis and objective advice to the legislature and the Governor's Office on state building code issues. The Council establishes the minimum building, mechanical, fire, plumbing, and energy code requirements necessary to promote the health, safety, and welfare of the people of the state of Washington by reviewing, developing, and adopting the State Building Code.

International Trade and Economic Development Division

The purpose of the Trade and Economic Development Division is to facilitate leadership with and among local leaders to attract, retain, and expand economic activity, throughout the state of Washington, and to strengthen and diversify Washington State's economy by promoting the expansion of international business in target markets and industries. The division delivers a range of services from assisting with complex permit processes, to infrastructure and business financing, to marketing the state as a desirable place to live, work or visit. Customers range from local municipalities looking for assistance with planning and predevelopment to economic development organizations and businesses needing help on business retention or expansion efforts. The division's staff works hand-in-hand with overseas contract representatives to assist Washington client companies to increase their export sales or enter new markets.

APPENDIX C – LIST OF STATUTORY AUTHORITY (SORTED BY DIVISION)**Administrative Services**

43.210
43.290
43.31.057
43.31.145
43.31.215
43.31.390
43.31.403-417
43.31.800-850
43.330.060
43.330.070
43.330.080
43.330.090
43.330-065

Building Code Council

19.02.050
19.27
43.330.090

Community Services

28A.300.160
28B.06.030
43.08.260
43.131
43.150.040, 050, 070, 080
43.185.060
43.185C.050, 200
43.190.030, 060, 065, 070, 120
43.215
43.280
43.31.450 – 485
43.330.130, 135, 145, 150,
152, 190, 200, 205, 210, 230
43.41.905
43.63A.066, 067, 115, 275,
720-735
54.16.285
54.52.010
57.46.010, 020
7.68.360
70.125
70.90.010
74.04
74.08A.010
74.14B
74.15.020

Energy Site Evaluation Council

43.21C
70.94.422
80.50
90.48.262

Energy Policy
15.110
19.260.010 – 900
19.29A
36.70A
43.21F
43.21G
43.330

Housing

36.22.178, 179
36.70A.030
39.35D.080
43.185 and 43.185A and
43.185C, 010, 110, 060
43.185B.005-43.185B.010
43.185B.020-43.185B.040
43.185C
43.330.110, 165, 170
43.63A
43.63A.460, 490, 505, 645, 650,
655
43.63B.005 - 43.63B.800
44.64.170
46.70.136
59.20.010 - 290
59.21.005 - 59.21.110
59.22.010 - 085
59.24.010-59.24.060
59.28.010-59.28.090
70.103
70.164
74.08A.220
84.36.560

Local Government

35.02.260
35.22.660
36.70A
36.70B.202
36.93.080, 157
39.44.210, 230

Local Government

Continued
39.84.090
39.86.100 – 200, 260
43.06.115
43.21C.110
43.08.250
43.21A.612
43.31.942, 956
43.63A.125, 155, 190, 215,
400, 410, 420, 750, 760
43.133.050, 060, 070
43.132.010, 020, 030, 040,
050, 055, 060, 800, 810
43.270.010, 020, 040, 070,
080, 900
43.330. 050, 070, 100, 120,
125, 130, 190
47.50.090
53.36.030
66.080.195 - 198
67.38.070
70.05.125
82.14.330
90.71.020

Public Works Board

43.155.010 – 110
43.330.005 – 904
70.119A.160, 170

**International Trade and
Economic Development**

24.46.010, 125
28B.20.283, 285, 287, 289,
291, 293, 295, 297
28B.65.010, 020, 030, 040,
050, 060, 070, 080
28C.18.060
35.21.800
39.19.240
39.102
39.102.020, 040, 050, 060,
090, 110, 120, 130, 140,
150
42.17.319
43.168
43.31C
43.360

**International Trade and
Economic Development
Continued**

43.365

43.07.350

43.21A.510, 515

43.20A.750

43.31.086, 088, 092, 125, 205,
207, 215, 422, 425, 428, 502,
504, 506, 508, 512, 514, 522,
524, 601, 611, 641, 800, 810,
820, 830, 832, 834, 840, 850,
855, 856, 856, 878, 859

43.41.621

43.63A.075, 125, 230, 690,
700, 710, 76043.88.093, 09443.131.381, 382, 385, 386,
387, 388

43.157.005, 010, 020, 030

43.160, 162, 163

43.21043.290.005, 020

43.330.050, 060, 065, 070,
080, 090, 092, 094, 095, 096,
100, 150, 152, 250

47.01.280

47.39.090

47.76.230

67.28, 080

67.40.040

67.28.1816

76.56.010

77.12.710

79A.30.050

79A.60.480

APPENDIX D – INITIATIVES INDEXED BY LEAD DIVISION

Administrative Services

- Strategy 5.1.1: Offer 90% of our employees flexible work programs, e.g. flexible work hours, telecommuting, compressed workweek by 2010
- Strategy 5.1.2: Obtain Performance Management Confirmation from DOP by October 2008.
- Strategy 5.1.3: Pursue an improved physical work environment by December 2009.
- Strategy 5.1.4: Reimburse employees for membership fees at fitness clubs beginning FY 2011.
- Strategy 5.1.5: Implement a policy that encourages retirement eligible employees to consider continuing to work at CTED past their retirement date and encourage them to consider the state's retire/rehire plan by April 30, 2009.

Community Services

- Strategy 3.1.1: Increase the number of families that make measurable progress toward self-sufficiency by 5% per year for the years 2010-2015.
- Strategy 3.1.2: Adopt a food bank nutritional standard that identifies the amounts and types of food provided to families by 2010.
- Strategy 3.1.3: Improve financial stability for 3,000 low to moderate income households per year by 2014.
- Strategy 3.1.4: Help 5,000 additional households per year to take advantage of the Earned Income Tax Credit by 2010.
- Strategy 3.1.5: Deliver an educational campaign in two regions per year through 2013.
- Strategy 3.1.6: Reduce the average percentage of household income that assisted households spend on heating by 20% by 2015.
- Strategy 3.1.7: Implement a pilot program that helps ex-offenders make successful transitions to community life by 2011.
- Strategy 4.1.1: Provide funding for a full-time professional in each of the 39 county prosecutor's offices to provide victim/witness services by 2010.
- Strategy 4.1.2: Increase in the number of crime victims served in Crime Victim Service Centers by 15% by 2014.
- Strategy 4.1.3: Provide funding for a human trafficking lead in each of the 13 Crime Victim Service Centers by 2010.
- Strategy 4.1.4: Provide competitive funding to communities with a high risk of human trafficking by 2010.
- Strategy 4.1.5: Provide a standardized child-centered approach to service delivery for child victims of sexual abuse and their families that is available statewide by 2011.

Director's Office

- Strategy 1.2.4: Increase the number of green economy jobs to 25,000 by 2020.
- Strategy 1.1.4: Co-lead 12 regional cluster industry initiatives with the Workforce Board by 2012.

Energy Policy

- Strategy 1.2.1: Update the State Energy Strategy (RCW 43.21F.090) to incorporate policies that improve energy efficiency by 2011.
- Strategy 1.2.2: Revise the Washington State Energy Code to require a 30% reduction in energy use in new buildings by 2011 and 50% by 2014.
- Strategy 1.2.3: Reduce CTED's carbon footprint by 50% by 2012.

Housing

- Strategy 1.2.5: Improve energy efficiency of publicly-funded housing projects and programs by more than 15% through implementation of the Evergreen Sustainable Development Standard beginning in 2009.
- Strategy 3.2.1: Create 23,000 new units of affordable housing with state resources by 2015.
- Strategy 3.2.2: Create 3,000 new units of affordable housing through private development, and federal and local government resources by 2015.
- Strategy 3.2.3: Establish and implement common "best practice" business processes for investment portfolio risk management by 2012. *(Same as Strategy 5.2.5 co lead with Local Government and Public Works)*
- Strategy 3.2.5: Increase 10% of low-income households' earning potential to self-sufficiency by 2015 – *a joint strategy with Community Services Division, International Trade and Economic Development, and the Interagency Council on Homelessness.*
- Strategy 3.2.6: Develop a plan to increase affordable workforce housing by July 2009 and implement the plan by July 2010. *(a joint strategy with LGD and ITED)*
- Strategy 3.3.1: Create a best practices list of housing and services that would ensure people are not homeless at release from institutions or foster care by July 2009.
- Strategy 3.3.2: Implement coordinated best practices housing and services approaches among the Departments of Social and Health Services, Corrections, Veterans Affairs, Health, and Employment Security to meet the multiple needs of people who are homeless by 2011.
- Strategy 3.3.3: Expand the supply of supportive housing for low-income persons with long-term disabilities by 2,000 beds by 2015.
- Strategy 3.3.4: Collect data on homelessness from every county in the Homeless Management Information System by December 2009.
- Strategy 3.3.5: Increase the units of transitional housing by 2,200 for homeless persons and those at risk of homelessness by 2015.
- Strategy 5.2.5: Establish and implement common "Best Practice" business processes for investment portfolio risk management by 2012. *(Same as Strategy 3.2.3 co lead with Local Government and Public Works)*

Local Government

- Strategy 1.2.6: Provide and promote use of energy efficiency strategies, tools, and pilot programs for local land-use planning by 2011.
- Strategy 3.2.7: Develop funding and policy recommendations for cities and counties to provide for manufactured home communities by July 2009.
- Strategy 5.2.1: Consolidate CTED infrastructure programs under one division by December 2008.
- Strategy 5.2.2: Create consistent, streamlined processes for applications and contracting processes by July 2009. *(Co lead with Public Works)*
- Strategy 5.2.3: Create a web-based tool for local government so prioritize local infrastructure needs and identify community capacity to meet those needs (based on the Capital Facilities plan) by December 2008.
- Strategy 5.2.4: Expand Regional Service Centers to provide more direct customer services by 2014 (this also supports Goal 1).
- Strategy 5.2.5: Establish and implement common “Best Practice” business processes for investment portfolio risk management by 2012. *(Same as Strategy 3.2.3 co lead with Housing and Public Works)*

Public Works Board

- Strategy 5.2.2: Create consistent, streamlined processes for applications and contracting processes by July 2009. *(Co lead with Local Government)*
- Strategy 5.2.5: Establish and implement common “Best Practice” business processes for investment portfolio risk management by 2012. *(Same as Strategy 3.2.3 co lead with Housing and Local Government)*

Trade and Economic Development

- Strategy 1.1.1: Increase financial and technical assistance delivered through regional offices by enhancing capacity by five FTE in 2010 and seven FTE in 2011.
- Strategy 1.1.2: Design a new regional funding program for economic development and site readiness planning projects by 2011.
- Strategy 1.1.3: Expand existing statewide financial programs (CERB, LIFT, RTF, and IPZ) to stimulate local economic development by 2012.
- Strategy 2.1.1: Make Washington the first choice (currently fifth) location for foreign and domestic business by 2014.
- Strategy 2.1.2: Assist 50 small to medium businesses to begin exporting, thereby increasing the products and services that are made in – and exported from – Washington State by 2012.
- Strategy 2.1.3: Establish CTED as the leader and convener of Governor Gregoire’s “Team Washington,” to accelerate business recruitment to Washington by 2010.
- Strategy 2.1.4: Increase the number of green economy jobs to 25,000 by 2020.