



**Department of Commerce**

# **Innovation Partnership Zone Program**

*2016 Biennial Report*

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Report to the Legislature  
Brian Bonlender, Director

## Acknowledgements

### **Washington State Department of Commerce**

Chris Green, Assistant Director, Office of Economic Development and Competitiveness  
Jaclyn Woodson, Program Manager  
Robb Zerr, Report Writer

Washington State Department of Commerce  
Innovation Partnership Zone Program  
1011 Plum St. SE  
P.O. Box 42525  
Olympia, WA 98504-2525  
[www.commerce.wa.gov](http://www.commerce.wa.gov)

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## Executive Summary

### Overview

The Washington State Department of Commerce (Commerce) is mandated by the Legislature to submit a report every two years on the state's Innovation Partnership Zones (IPZs) ([RCW 43.330.270](#)). The goal of this report is to review the performance of IPZs, individually and collectively, surface major activities, report performance measures and offer strategies for program improvement.

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

At the end of the 2015-16 reporting period, there were 14 IPZs statewide, a 22 percent decrease from 2014 and one less than in 2012. Six IPZs did not seek re-designation during the period: Bellingham (Clean Tech/Renewable Energy); King County (Financial Services); Kittitas County (Alternative Energy/Solar, Wind); Pullman (Clean IT, Smart Grid, Smart Farm); Seattle (Global Health) and Clallam County (Marine Energy). Two new IPZs, the city of Issaquah (Sports Medicine) and Thurston County (Craft Brewing-Distilling), were approved.

### Key Findings

Though IPZs operate independently from one another and are geographically dispersed, they do share some similarities.

- Most IPZs continue to experience insufficient funding levels and operate on shoestring budgets. Funding is through in-kind donations; private, state or federal funding; or grants. In the 2013-2015 Biennium, legislative funding for IPZs was reduced and eventually eliminated, making it difficult for Commerce to comply with statutory obligations.
- The geographic location of IPZs and access to sufficient funding largely determine their operational model. IPZs in urban areas tend to focus more on using the designation as an economic development and branding tool, as well as to form partnerships and gain media exposure. In contrast, rural IPZs focus their efforts on planning, infrastructure, recruitment and local projects where they can partner with other agencies, institutions and organizations.
- As noted, the IPZ designation is being used increasingly as a branding strategy to drive the industry cluster concept. Part of this may be due to the fact that the IPZs consider themselves underfunded and many lack staff and resources to execute more complex initiatives that would create new companies, products and jobs.

- Given the lack of steady funding as well as the lack of consistency in the presentation of data in submitted reports, it is difficult to demonstrate whether or not IPZs affect the growth of a targeted cluster or the region it operates in.

This difficulty in assessing the effectiveness of the IPZ program is compounded by the lack of consistency in the data reported. Each IPZ is allowed to report on metrics of its own choosing rather than a standardized set of reported activities. As such, it's difficult to roll up the data in any meaningful way that would allow informed decisions to be made about funding levels, the viability of the program or its effectiveness at any granular level.

- Of those that reported jobs, 2,209 were new jobs since the last biennial report and 432 were retained jobs. Only half of the IPZs reported these jobs numbers, and of those reporting, some were estimates. Numbers reported also did not include all the recruited or retained businesses within their respective zones, nor did every IPZ report these numbers, so they are both unaudited and potentially less than actual new and retained jobs.
- The two newly designated IPZs (Thurston County and Issaquah), did not report any job creation/retention numbers or patents, which would be expected. Future reports will include their measurements.

### **Suggested Program Improvements**

Following is a summary of suggestions for improving the IPZ strategy for the state. These are based on a review of similar programs enacted by other states, previous IPZ reports and suggestions and recommendations from IPZs.

- **Add tax incentives** – IPZs continue to have this on their wish list, largely so they can compete with states that have larger war chests for recruitment and investment efforts.
- **Reinstate state administrative funding** – The elimination of the administrative funding for the IPZ program from the state budget makes it difficult for Commerce to manage the six-month, bi-annual solicitation, application and designation process for areas wishing to become designated IPZs, and to provide technical support and program reporting.
- **Reduced recordkeeping burden** – IPZs and Commerce have found it challenging to comply with recordkeeping requirements mandated by the Legislature without program funding. If the program remains unfunded, reducing or eliminating recordkeeping mandates would help bring legislation, budgets and requirements in-line.
- **Closer partnerships with higher education** – Some IPZs believe a closer partnership with local academic institutions could result in discounted research space or additional assistance with product/service commercialization.

## Introduction

### Background

Historically, IPZs have served as a geographically distributed economic development strategy to foster innovation ecosystems. The goal of this model, which is used by several states as well as Washington, is to focus on accelerating bottom-up, organically driven collaborations to advance innovation and growth of industry clusters.

It is envisioned that this strategy will stimulate the growth of regional economies by building a collective strategy and partnerships between industry clusters, idea-generators, entrepreneurs, capital providers, education organizations, infrastructure and others, both external and internal to the region. The intent is to supercharge the development of new technologies, create new companies, bring products and services to market more quickly, spur investments and create jobs.

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

### Program History

In 2007, Commerce launched the program with 11 IPZs, distributing \$5 million in capital grants to them. Two years later, Commerce designated a 12th IPZ and distributed an additional \$1.5 million in capital grants. Grants were competitive and not all IPZs received state capital grant funding.

The first designation/re-designation process was conducted in 2011. As part of that process, four new IPZs were designated while one IPZ did not receive re-designation, for a total of 15 IPZs. Three more were added in 2013, bringing the total number to 18 statewide. In 2012, six of the IPZs received \$13.5 million in direct appropriations from the Legislature.

In the 2013-2015 biennium, the legislature defunded IPZs, but kept statutory obligations related to them, including tracking and reporting. As such, Commerce has continued to designate and re-designate IPZs but lacks the necessary funds to manage the program or perform anything beyond minimal recordkeeping and reporting.

Following is the criteria used to designate an IPZ:

1. Formation of a partnership consisting of some or all of the following: academic institutions, research laboratories, public economic development organizations, local governments, chambers, private companies, and workforce training organizations.

2. A specific geographic area with an existing or emerging identified industry cluster of statewide importance.
3. A strategic plan for regional cluster development.

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

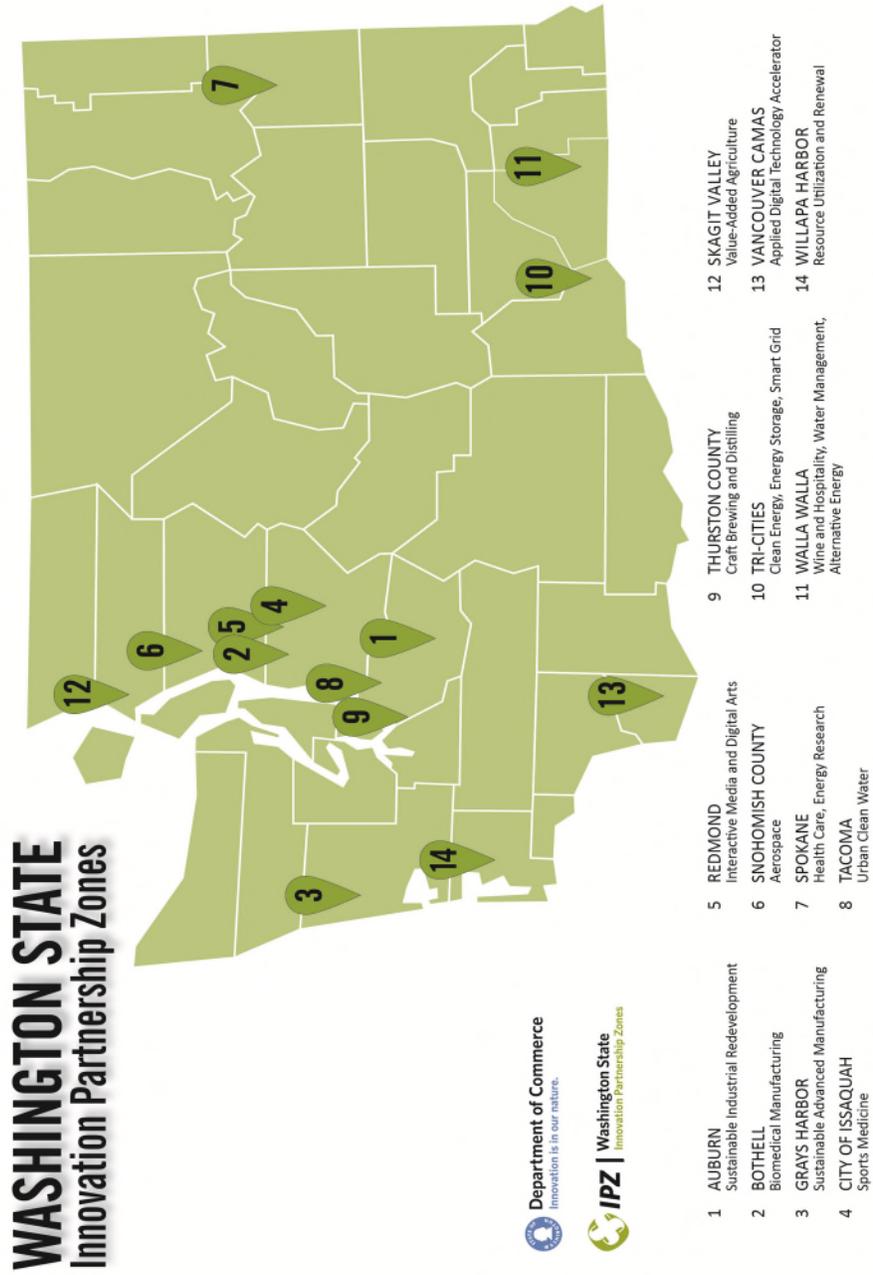
### **Major Characteristics of IPZs**

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

The funding models vary greatly. Many of the IPZs have been unable to secure funding to replace any authorized by the legislature in the past. Instead, they rely on in-kind donations and the services of staff in other agencies or collaborating organizations to provide the required support. Volunteer boards are in place for many of the IPZs, and many of the IPZs are conducting economic development work originally performed by other entities.

In many cases, the IPZ designation serves solely as a branding and marketing tool, creating a singular identity for a number of organizations and firms engaged in the designated area of focus. This is, perhaps, the greatest value the IPZ program provides to those seeking designation/re-designation.

# Appendix A: Innovation Partnership Zone Map



## Appendix B: Innovation Partnership Zone Individual Reports

## Urban Center of Innovative Partnerships – Auburn

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

### **IPZ:**

Center of Innovative Partnerships – Auburn IPZ # 15

Zone Administrator: Douglas Lein

Address: 25 West Main Street  
Auburn, WA 98001

Phone: 253.804.3101

E-mail: [dlein@auburnwa.gov](mailto:dlein@auburnwa.gov)

Designation Year: 2012

Re-designation year: 2015

### **Partners:**

Washington State University

Green River Collage

Auburn School District

Forrest Concepts

World CNG

Old Castle Construction

Century Link

3 Phase Systems

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

The objective of the Auburn **Urban Center for Innovative Partnerships** is to support the vital economy of the City of Auburn, our local region and the State of Washington. Encouraging the adaptation of warehouse districts to mixed use, market-affordable technology clusters and facilitating collaborative partnering among private sector employers, research partners, with workforce development, the IPZ will implement a multi-phased plan across a variety of business sectors. These collaborative clusters will realize new businesses and products; expand existing knowledge based middle-wage jobs while creating new higher paying employment opportunities for the citizens of our City. Through new partnerships and the clustering of entrepreneurs, ideas will flourish, manufacturing efficiencies will be developed and the business community will expand through the creation of investment opportunities, new technologies and the general growth of our economy.

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

Annual budget funding in the amount of \$10,000.00 was approved by the City of Auburn for basic activities.

In 2014 an IPZ Commerce Grant in the amount of \$12,500.00 was received. Activities and advancement between our IPZ industry clusters and committees to identify strategic opportunities for potential sharing of resources and further market growth. The core development of an iCloud supply chain system was completed.

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

Job growth has been strong in the City of Auburn, over the last 2 years we have had an average employment grown of about 10%. In year 2014 our top 10 employers added just over 5,900 new jobs with similar growth in 2015.

Redevelopment within the zone has had good success over the last 2 years; we have had approximately 1.2 million sq. ft. of warehouse space converted to other uses.

Our goal of increasing higher paying jobs has steadily moved upward. As companies have opened and expanded within our clusters the City has seen a steady increase in sales tax revenue due to higher incomes.

Commercialization has been steady, in 2014/2015 we had 78 patents and trademarks awarded.

## 4. What are your performance measures?

Number of trained workers added to state workforce as a result of training provided within IPZ

Number of potential business sites

Number and type of other assets developed (to retain, grow and attract business)

Dollar value of infrastructure and other investments completed

Evidence of commercialization of IPZ research (licenses, patents, trademarks, etc.)

Descriptions of research being conducted within the IPZ and potential commercial applications

The IPZ will track private sector investment and will provide information as to how that investment is leveraged for the benefit of the IPZ mission and its stakeholders

## 5. What outcomes has the IPZ achieved since the last biennial report?

Private Investment: 85 Million

Jobs Retained: 325

New jobs: 875

Redevelopment of warehouse: 1,200,000 sq. ft.

Direct jobs trained by partners: 850

Patent Granted to Companies: 78

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

Funding Sources		FY 14	FY 15	Total
Partner in-kind	Private	\$10,000.00	\$0.00	\$10,000.00
	Local	\$10,000.00	\$10,000.00	\$20,000.00
	State	\$0.00	\$0.00	\$0.00
	Federal	\$0.00	\$0.00	\$0.00
Total Budget		\$20,000.00	\$10,000.00	\$30,000.00

## 7. Additional notes

Green River Collage completed the construction of a new 30,000 sq. ft. aerospace campus located in the IPZ.

WSU considering the opening of an Entrepreneurship Executive Program within the IPZ.

WSU, Puget Sound Energy and Century Link working together to submit a grant application for Smart Grid research within the IPZ.

Orion Industries opens new 120,000 sq. ft. aerospace training center, they currently are placing over 200 into the workforce annually.

## Bothell Biomedical Manufacturing

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

### IPZ:

Biomedical Manufacturing Innovation Zone

### Partners:

#### Founding Partners:

City of Bothell

Economic Alliance Snohomish County

Economic Development Council of Seattle-King County

Life Science Washington (formerly WBBA)

University of Washington Bothell

Washington State Department of Commerce

Research Partner: University of Washington Bothell

Industry Partner: EKOS Corporation

Workforce Training Partner: Lake Washington Institute of Technology

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

### IPZ Goals

- Foster industry partnership and interaction through initiatives such as the annual Washington State Biomedical Device Summit, quarterly CEO Roundtables, Mercury Medical Technologies Incubator, and industry studies and research.
- Promote company generation through collaboration between industry and academia and the operation of the Mercury Medical Technologies Incubator.
- Monitor and measure progress and report on the industry's progress, as well as anticipate new trends through the use of Economic Impact Studies on the biomedical device industry.
- Expanding workforce development programs for the sector by strengthening the alignment between education and the industry through the promotion of appropriate skill sets and experiential learning.
- Maintain the viability of the IPZ program through engaged public, private and academic leadership, relevant programs, and a sustainable business model.

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

Since the inception of the IPZ program, we have received the following financial support from the State of Washington:

\$500,000 To support the creation of Mercury Medical Technologies, a business incubator for medical device companies. Funds were used for tenant improvements to create office space and to acquire equipment for our machine shop/prototype lab. Mercury is located at the Lake Washington Institute of Technology (LWIT).

LWIT has provided leased space for Mercury on an in-kind basis. For 2012-2015, our payment for tenant improvements to classroom and shop space was the in-kind. For the 2015-2019 lease term, in-kind will be provided through the transfer of ownership of Mercury shop equipment at the end of the lease.

\$301,296 Concept study for the Discovery Center to evaluate the feasibility of a gathering place for the medical device industry, including a permanent home for Mercury Medical Technologies as well as a conference center.

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

Our first accomplishment was to commission an economic impact study of the medical device cluster in the Puget Sound region (2008). The study reported over 100 companies, 5800 jobs, \$2.5 billion in business revenues and \$4.9 billion in economic impact.

Our IPZ has hosted eight annual Washington State Medical Device Summits since 2008. This is the only event each year focused exclusively on the medical device cluster. The half-day programs feature a national keynote speaker followed by a panel discussion with local device executives. A showcase of products from local device start-ups is a common part of the program. Attendance each year is +/- 200.

We organize quarterly roundtable lunches for device executives to meet their peers, share insights and resolve common problems. It is for open discussion and not a structured program. Attendance is in the 10-15 participant range.

We established and operate Mercury Medical Technologies, an incubator for medical device start-ups located at the Lake Washington Institute of Technology (LWIT) in Kirkland. We provide office space and machine shop/prototype lab services under a fee-based structure. We have recently renewed our lease with LWIT, keeping Mercury in business until 2019. To date, we have supported four firms through our incubator.

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

Offer the Washington State Medical Device Summit on an annual basis.  
Offer the CEO Roundtables on a quarterly basis.  
Operate and expand the services of Mercury Medical Technologies.

#### 5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?

The Biomedical Manufacturing Innovation Zone continues to be the focal point for the medical device cluster. In addition to our exclusive Annual Summit and CEO Roundtable, we collaborate with other organizations (Life Science Washington (LSW), Start-Up Weekend, our EDC partners) on individual programs.

We have renewed our commitment to company creation at Mercury Medical Technologies by extending our lease with LWIT through 2019. Further, we have changed the concept of our prototype lab to that of a Maker Space. The latter will encourage collaboration with LWIT faculty and staff and will provide our client companies with direct access to equipment they can use themselves to fabricate parts/components.

The IPZ engaged a consultant to assess our IPZ structure and the operation of Mercury. A component of this has been conversations with other programs to explore expanded and coordinated support to medical device start-ups so as to minimize duplication of efforts. These programs include the LSW Commercialization Committee, WINGS (angel investors for device firms), Co-Motion (UW incubator) and the Washington Life Science Global Health Center. The consultant has also looked at comparable incubator programs for device start-ups in other regions of the US to identify best practices.

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

Funding Sources		2014	2015	Total
	Private	\$ 48,147	\$17,780	\$65,927
	Local	0	0	0
	State	0	0	0
	Federal	0	0	0
Total Budget		\$ 48,147	\$17,780	\$65,927

## Grays Harbor Innovation Partnership Zone

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

### **IPZ:**

Grays Harbor Innovation Partnership Zone

### **Partners:**

Port of Grays Harbor  
Satsop Business Park  
Grays Harbor College  
Greater Grays Harbor, Inc.  
REG Grays Harbor  
Paneltech  
Wishkah River Distillery  
Hesco Armor, LLC  
Pacific Mountain Workforce Development Council

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

- Promote active collaboration and networking among research, education, public and industry partners;
- Foster an innovation-focused, entrepreneurial business environment;
- Grow the region as a leader in the development of sustainable industries, which share core values centered on social responsibility, the environment, economy and technology;
- Encourage and facilitate industrial symbiosis – diverse industrial partners sharing services, utilities, logistical infrastructure, and by-product resources;
- Encourage and facilitate existing Zone businesses to grow and expand;
- Recruit new innovation partners with particular attention on research institutions, sustainable industry clusters and start-up companies using emerging technologies.

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

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

with \$706,000 received from Washington State during 2013-14 biennium to complete the CIZ facility, and equip the shared lab space.

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

- Completed construction of the Coastal Innovation Zone, a research and development business incubator located within the Grays Harbor IPZ in the Port Industrial Park. The facility included research lab space, office and warehouse space for start-up business, and room to build out additional facilities.
- The GHIPZ was expanded to include the industrial parks located at the Port of Grays Harbor in Aberdeen and Hoquiam, Washington, and the Satsop Business Park located outside Elma, Washington.

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

- Job Creation
- Innovation
- Private sector expansion
- New business recruitment
- Other private sector economic development, including cost savings, new product development and markets, and efficiency gains
- Networking opportunities and participation
- Commercialization Contacts and Recruitment

### **5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?**

- CIZ tenants continue to grow and add employment to the area.
  - Number of companies using the facility: 2
  - Jobs created: 46
  - Patents Pending: Unknown
- The Port of Grays Harbor and Satsop Business Park merged into the Port for more efficient operations and expanded growth opportunities for the community. Satsop is included as part of the GHIP

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

Funding Sources		FY 14	FY 15	Total
	Private	\$	\$	\$
	Local			
	State	706,000		706,000
	Federal			
Total Budget		\$706,000	\$	\$706,000

## Interactive Media and Digital Arts – City of Redmond

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

### IPZ:

Interactive Media and Digital Arts

### Partners:

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

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

1. Increase the number of interactive media and digital arts businesses locating in Redmond specifically and on the Eastside, Puget Sound and Washington State more generally.
2. Leverage the area's unique combination of opportunities and expertise: established top two international interactive media and digital arts industry businesses located in Redmond; access to high-quality, internationally renowned educational institutions; relationships with start-up business development expertise, including both more formal commercialization programs and access to local entrepreneurs; and support for identifying appropriate start-up and incubator spaces.
3. Provide a supportive business environment that is reinforced by access to a trained workforce.
4. Provide a supportive educational and research climate that fosters development of skills, both technical and business, that create a steady flow of skilled workers and innovation.
5. Provide opportunities for current and emerging entrepreneurs to connect with potential funding and venture capital through relationships in the cluster.
6. Support research and commercialization of technologies related to interactive media and digital arts.

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

- The City of Redmond Economic Development budget and staffing supports the Interactive Media and Digital Arts IPZ program.
- The Economic Development Council of Seattle and King County (EDC) staffs the cluster through its annual budget and Business Development work, including a dedicated Business Development Manager in Information Technology.
- The IPZ program has not received any specific additional dedicated local, state, federal, or private funding.

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

- Partners, OneRedmond and the Economic Development Council of Seattle & King County, attended the SelectUSA Investment Summit in Washington, D.C. in 2016, a government program administered through the U.S. Department of Commerce. Through a brand called the Innovation Triangle, the cities of Redmond (OneRedmond), Bellevue, and Kirkland banded together with the Economic Development Council of Seattle & King County to promote the Eastside to a variety of foreign-owned companies interested in investing in the United States.
- During the last 24 months, the work of the Washington Interactive Network (WIN), managed by IPZ partner, OneRedmond, has included:
  - **Small Business Workshops:** WIN's REACTOR Initiative featured panel discussions held throughout the year that provide guidance and advice to those in the midst of starting their own companies in the interactive media industry. To date, each workshop reached capacity with over 45 participants in each session and was attended by developers, entrepreneurs and games studio heads.
  - **Mentor-Intensive Workshops:** WIN's REACTOR Mentor Workshops are 4-hour intensive sessions where companies consulted with subject matter experts to overcome issues in one of the following areas: Go-To Market strategies; Partner development; Pitching and Fundraising; Ecommerce or User Acquisition. 18 companies participated during this biennium.
  - **Executive Knowledge Sharing Forum:** To better serve 2<sup>nd</sup>-tier interactive media companies, WIN conducted business-focused sessions.
  - **International Business Development:** WIN's goal is to help small businesses prepare for the international market and give them affordable opportunities to meet international partners, distributors, publishers, and customers. To help small businesses gain access to foreign markets and to attract global customers, WIN formed a delegation of companies to attend gamescom in Cologne, Germany in August of 2015.
  - **CEO Events:** Quarterly roundtables and networking events took place with a total of 43 executive attendees.

- Annually, the City and the EDC support the Washington Interactive Network (WIN) at the Power of Play Conference, an annual industry conference attended by entertainment and digital arts entrepreneurs and companies.
- Partner OneRedmond attended GDC (Game Developers Conference) in San Francisco in 2015 and promoted Redmond as a destination for digital arts and interactive media companies to locate.
- In 2013 and 2014, in partnership with DigiPen Institute of Technology, the City sponsored projects for students studying video game programming, game design, animation, computer science, sound design, and computer engineering. Students created various animated presentations explaining the City's future vision, budgets and other activities, that may be viewed on the City's website and public cable channel.

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

- Number of Interactive media and digital arts businesses within the IPZ, as identified through business licenses.
- Number of employees of businesses in interactive media and digital arts within IPZ, as identified through business licenses.
- Increased awareness of the industry, as identified through inquires and engagement with interactive media and digital arts firms and site location activities.

#### 5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?

- The Interactive Media and Digital Arts IPZ program supports the growth of Redmond's business clusters, where employment in this sector has increased 3% since IPZ inception and the number of companies in this cluster has increased 31% during the same time. While many of the businesses can be identified distinctly as "game" companies, tech employment this data is inclusive of high tech workers in Redmond's largest company because smaller distinctions are not possible.
- For every higher wage primary job in this technology-based industry cluster, four to six additional jobs are also created. These secondary jobs range from industry suppliers, complementary services, and restaurants to arts, cultural, and entertainment options. Collectively, this bolsters demand for real estate, goods and services directly in the Redmond community as well as in the sphere of influence area which extends beyond the geographic boundaries of Redmond. Overall for both Redmond and the broader area, this means increased property and retail tax revenues, as well as offering a broader pool of talent.
- During the last 24 months, Washington Interactive Network (WIN) has had:
  - over 774 unique entrepreneurs, small businesses, and industry executives participate in programming with over 36% of the companies founded by or led by women or minorities.
  - 155 companies reached through the Business Knowledge Program with 57 of the participants being women or of minority descent.
  - 733 jobs tracked of companies that participated in WIN programming.
  - 906 total attendees through two industry events.
  - 43 unique executives participate in executive meetings.

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

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

Funding Sources		FY 14	FY 15	Total
City of Redmond	Local	Staff Salary, Office, Supplies	Staff Salary, Office, Supplies	Staff Salary, Office, Supplies
Economic Development Council of Seattle & King County	Local	Staff Salary, Office, Supplies	Staff Salary, Office, Supplies	Staff Salary, Office, Supplies
OneRedmond	Local	Staff Salary, Office, Supplies	Staff Salary, Office, Supplies	Staff Salary, Office, Supplies
Total Budget		\$	\$	\$

### Additional notes

A sample of media coverage during this past biennium:

[http://www.bizjournals.com/seattle/news/2016/06/20/eastside-cities-create-innovation-triangle-to-lure.html?ana=e\\_du\\_pub&s=article\\_du&ed=2016-06-20&u=WZbnaVTNMzFgnUIGAOaOUg04602040&t=1466461504&j=74189642](http://www.bizjournals.com/seattle/news/2016/06/20/eastside-cities-create-innovation-triangle-to-lure.html?ana=e_du_pub&s=article_du&ed=2016-06-20&u=WZbnaVTNMzFgnUIGAOaOUg04602040&t=1466461504&j=74189642)

<http://www.bizjournals.com/seattle/blog/techflash/2015/08/empire-of-fun-nintendo-gave-puget-sound-area-early.html?ana=etf&s=newsletter&ed=2015-08-07&u=2XWcva6wr9DXsbJKVSI4mA009324cc&t=1439013018>

<http://www.bizjournals.com/seattle/print-edition/2015/08/07/the-queen-of-the-interactive-arts-kristina-hudson.html>

<http://www.seattletimes.com/entertainment/video-games/roaring-good-times-for-small-video-game-studios/>

<http://www.geekwire.com/2016/halo-destiny-composer-marty-odonnell-vr-no-one-really-knows-whats-going-work/>

<http://www.geekwire.com/2016/tips-virtual-reality-developers-oculus/>

## Sports Medicine – City of Issaquah

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

### **IPZ:**

Issaquah Sports Medicine Innovation Partnership Zone

### **Partners:**

Swedish Issaquah

Bellevue College

Lake Washington Institute of Technology

Issaquah School District

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

- Grow business and entrepreneurial services
- Increase industry job opportunities
- Increase education and training awareness and opportunities
- Improve research implementation and commercialization
- Brand the City as the Sports Medicine epicenter

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

- Coordination with Bellevue College and Lake Washington Institute of Technology and businesses regarding training opportunities; compilation of training available at local colleges
- Issaquah School District Career and Technical Education focus on Sports Medicine through CTE Advisory Board
- City marketing investment of \$25,000

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

- Created Sports Medicine video promoting industry in Issaquah
- Received earned media through Issaquah Press, Reporter and 425 Business magazine
- Marketing campaign in 425 health issue, 425 Business, Puget Sound Business Journal
- Recruitment efforts including booth at Puget Sound Business Journal Future of Healthcare Forum. Resulted in 5 conversations with Sports Medicine related businesses. To date still in progress.

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

- Economic impacts including additional jobs and businesses
- New partnerships/collaborations
- Workforce education impacts, including increased awareness and participation of programs, improvements to current or new training programs, increased partnership with private industries
- Marketing results including media coverage, paid advertising, networking and events highlighting the IPZ's efforts, collaborative branding activities
- Research and innovative efforts of Sports Medicine IPZ partners that enhance the sector in Issaquah and beyond

#### 5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?

The Sports Medicine has been successful in making stronger connections between private employers and workforce development providers. The employment figures for 2016 are currently being vetted by the State's Employment Security Department and Puget Sound Regional Council. Therefore the growth in healthcare in general and sports medicine related businesses cannot be evaluated at this time. We anticipate a growth in jobs and firms serving this industry.

Since the Sports Medicine IPZ has been in existence for less than 12 months, we expect outcomes will be measurable over a longer period.

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

Funding Sources		FY 14	FY 15	Total
	Private	N/A \$	\$	\$
	Local	N/A	\$25,000	
	State	N/A		
	Federal	N/A		
Total Budget		N/A \$	\$25,000	\$

#### Additional notes

\*The Sports Medicine IPZ was designated in October 2015. The \$25,000 allocated by the City for this initiative was partially carried forward into 2016. There are additional funding sources leveraged in 2016 not reflected here.

## Skagit Valley Value-Added Agriculture

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

### **IPZ:**

Skagit Valley Value-Added Agriculture IPZ

### **Partners:**

Economic Development Alliance of Skagit County (EDASC)  
Washington State University Mount Vernon Research Center  
Washington State University Mount Vernon Bread Lab  
Washington State University Mount Vernon Extension Office  
Knutzen Farms  
Skagit Valley College  
Port of Skagit  
Sakuma Brothers Farms  
City of Mount Vernon  
Skagit Valley Malting  
Skagit County  
Northwest Agriculture Business Center (NABC)  
Northwest Innovation Resource Center (NWIRC)

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

Our Mission is: “The Skagit Valley Value-Added Agriculture IPZ supports and promotes innovative approaches within the agriculture industry that combine research and technology resulting in new jobs, industries, and an overall robust economy centered around the Valley’s rich agricultural resources.”

Our Vision Statement is: “Identify, capture and promote the unique value and exceptional quality of the agricultural products of the Skagit Valley Region.”

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

- State Board of Community and Technical Colleges awarded a Workforce Development Grant to Skagit Valley College in the amount of \$150,000 (June 2016).

- Skagit County awarded Rural Distressed County Sales Tax Grant funds in the amount of \$300,000 to the Port of Skagit for Bread and Food Lab Phase II construction (July 2016). An additional \$68,000 in funding was provided by partner contributions for this phase.
- Skagit County awarded Rural Distressed County Sales Tax Grant funds in the amount of \$200,000 to the Port of Skagit for Bread and Food Lab Phase I construction (Dec 2015). The Port provided \$200,000 in funding for this phase of the project, and the Bread Lab found other sponsors including Patagonia to commit another \$300,000.
- Skagit County awarded Rural Distressed County Sales Tax Grant funds in the amount of \$500,000 to the Port of Skagit for Gielow Pickles Phase III construction (Dec 2015). The Port provided \$250,000 in funding for this phase of the project, and \$1,050,000 for phases I and II combined.
- Community Economic Revitalization Board (CERB) provided a \$50,000 planning grant to the Port of Skagit to conduct a feasibility study of locating a buckwheat mill in the Skagit Valley. The Port has contracted with WSU Mount Vernon to conduct the feasibility study which involves development of a business plan, market research, as well as growing, harvesting, milling and testing of resulting soba flour to evaluate quality.

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

- The first Skagit Ag Summit was held on March 3 and 4, 2016 to highlight new innovative ideas and farming practices while promoting agriculture. This event was created to provide a forum solely dedicated to matters that directly affect Skagit County farmers who help feed the community, Washington State, the United States and the world.
- The IPZ has expanded its Partners to include the Northwest Innovation Resource Center, an organization that works with entrepreneurs and inventors in Northwest Washington to bring their products and business ideas to life.
- The IPZ Partners have developed action items for each of the IPZ goals identified in the section below to assist the Partners in furthering the IPZ's mission.

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

The Skagit Valley Value-Added Agriculture IPZ Partners established the following goals with the associated tracking metrics.

GOAL	TRACKING
1. Facilitate the start-up of successful new enterprises in the Skagit Valley, capitalizing on research conducted at the Washington State University Research Center and Bread Lab	Track start-ups
2. Encourage the development of new high-margin, value-added agribusiness products stemming from the research focus at the Washington State University Research Center and Bread Lab	Track new products
3. Create new private sector jobs based on the production, processing, packaging, marketing and distribution of regional agricultural products	Track new jobs
4. Recruit new innovative partners from research institutions and start-up companies utilizing emerging technology	Track new IPZ partners
5. Increase the net profit per acre as a result of partnerships between the research sector and agribusiness	Track net profit per acre before partnerships and after
6. Support succession planning to sustain generational farms and ensure agriculture survives and thrives in Skagit Valley	Track activities initiated or supported by the IPZ relative to succession planning
7. Promote continued collaboration and networking opportunities among research and private sector partners	Track attendance at monthly meetings and other opportunities for networking as initiated or supported by the IPZ
8. Collaborate with Skagit Valley College to ensure a well-trained, qualified workforce	Track existence of and enrollment in, relevant Skagit Valley College programs/courses
9. Enhance the potential of the IPZ through federal and or grant funding opportunities	Track opportunities for grand funding as appropriate

**5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?**

- Skagit Valley College’s Cardinal Craft Brewing Academy opened at the Port of Skagit property in May 2016 with its first cohort of 18 students. This certificated program is unique in Washington State and provides an overview of the craft brewery/distillery business from farm to glass.

- Salish Coast Enterprises d/b/a Skagit Valley Malting began construction on a permanent live grain storage and handling facility in the Bayview Business Park in summer 2015. This facility is being developed to meet demand for live grain storage and handling that far exceeds the capacity of the temporary, publicly owned Western Washington Live Grain Storage and Handling Facility that was developed in the Bayview Business Park through a public private partnership between the Port of Skagit and Skagit Valley Malting in 2014. The larger, permanent facility will promote innovation in the development of value-added crops, create jobs and encourage the use of rotation crops.
- WSU Bread Lab has moved into a 12,000 sq. foot building at the Bayview Business Park, providing space for an expanded Bread Lab, as well as lab and classroom areas for additional food related research and education opportunities such as a King Arthur Flour state-of-the art baking classroom, a milling lab, a professional kitchen, and a brewing and distilling micro-lab. The research conducted at the Bread Lab is directed to supporting regional non-commodity grain networks and economies. The lab's small grains breeding program works to develop barley, oats, and wheat varieties specifically suited to whole grain use age and region-specific cultivation, and to maximize the nutritional value of flours. The Bread Lab Phase II project created 55 new jobs and retained 12 jobs created by the previous phase.
- Gielow Pickles Phase III has been constructed at the publicly owned processing facility developed by the Port of Skagit at the Port's Bayview Business Park. In 2014 Michigan based Gielow Pickles (Gielow) expanded into a facility at the Port. In 2015 Gielow expanded their processing activities at the Port from 21,000 to 36,000 square feet. Gielow processes cucumbers and cabbage into pickles and sauerkraut respectively. Additional expansion of the Gielow operation was completed in August 2016, doubling Gielow's production capabilities and adding 40 percent more cold storage capacity. The Gielow Pickles Phase III project created 20 new year-round jobs and retained 55 jobs created by previous phases. Having Gielow in the Valley enhances both cucumber and cabbage production, two crops important to the long term viability of farming in the Skagit Valley. Sustaining farming, adding value through processing locally, enhancing agricultural employment and preserving farmland are goals of the IPZ. The expansion of Gielow in a publicly owned processing facility furthered these goals and is a prime example of what can be accomplished through collaboration of public and private entities.
- The Port of Skagit is developing a flour mill at the Bayview Business Park. The flour mill equipment is being acquired by the Port and the publicly-owned infrastructure will be operated by Northwest Mills and Specialty Grains, SPC through a lease agreement. There is no facility in Skagit County focused on the processing / milling of local grains.

Having publicly-owned milling infrastructure benefits the whole county by allowing the value added to the grains through processing to remain in the local region.

- Chuckanut Brewery is completing construction of its new brewery at the Port’s Bayview Business Park. The award winning Bellingham-based brewery is expanding into the new 8,000 square foot building and keeping the existing Chuckanut Brewery and Kitchen location in Bellingham. Chuckanut Brewery chose to locate their new brewery in the Skagit Valley and particularly in the Bayview Business Park because of the collaboration and synergy that has been created in large part by the work of the IPZ.

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

Funding Sources		FY 14	FY 15	Total
	Private	\$	\$	\$
Remaining from 2013 initial Partner contributions	Local			\$1,500.00
	State			
	Federal			
Total Budget		\$	\$	\$1,500.00

### Additional notes

The Port of Skagit is currently in discussions with principals formerly of Jester King Brewery in Austin, Texas, who are interested in locating a new brewery in Skagit Valley.

## Aerospace Convergence Zone (Snohomish County)

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

### IPZ:

Aerospace Convergence Zone

### Partners:

- Aerospace Futures Alliance of Washington (AFA)
  - Edmonds Community College
  - Everett Community College
  - University of Washington Bothell (UWB)
  - Washington State University Everett (WSU)
  - Workforce Snohomish
- 

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

- Facilitating the continued development of a broadly-defined “infrastructure”: skilled workforce, educational assets, transportation networks for people and products, positive business climate, appropriate land-use policies and quality of place.
- Promoting the importance and economic impact of aerospace and marketing the industry locally, regionally, nationally and internationally
- Supporting incumbent supply-chain companies in their efforts to maintain and/or grow their capacities
- Based on a supply-chain gap analysis, recruiting supply-chain companies from outside the area and looking for collaboration opportunities with incumbent supply-chain companies
- Collaborating with other aerospace communities across Washington to support a statewide development effort
- Collaborating with other IPZ’s throughout Washington to enhance the financial viability of the IPZ Network.

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

The Aerospace Convergence Zone has received no financial support from any public source.

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

Continued operation of the Snohomish STEM network to emphasize the importance of STEM training at the K-12 level and to facilitate communication between K-12 and higher education.

Edmonds Community College, through the Washington Aerospace Training and Research Center (WATR), continued with its' Cool Girls in Aerospace program; two days designed to inspire middle school girls to consider future careers in the aerospace industry. The program includes hands-on work at WATR.

Advocacy for increased State funding for engineering programs at both the WSU Everett and UW Bothell locations. Construction of a WSU academic building (electrical/mechanical/software engineering) is underway in Everett and UWBothell has plans for a new academic/engineering building for which they are seeking \$3 million in design funding through the Legislature.

Advocacy for Sound Transit 3 (light rail to Everett) and an alignment (route) that serves southwest Everett, specifically the Boeing Everett plant and the supply chain located in the surrounding area. This alignment will be part of the November 2016 ballot to fund Sound Transit 3.

Support for the expansion of the Advanced Manufacturing Training and Education Center operated by Everett Community College. A "branch" operation will be established in Arlington and an expansion at the Everett campus provides space for a mechatronics (automation) training program.

Collaboration with other interested parties to stop efforts in the State Legislature to implement reductions/restrictions on the aerospace incentive package passed in 2013.

Participation with the State of Washington at the Paris Airshow (June 2015) to recruit aerospace firms to the Aerospace Convergence Zone, including European supply chain firms planning to improve their relationship with Boeing.

On-going meetings of Aerospace in Action (AIA), an Economic Alliance Snohomish County effort for networking with and learning from the aerospace supply chain in the Zone. The effort is targeted to the private sector while allowing the public sector support network to engage.

Engagement with the cities of Arlington and Marysville to secure a Manufacturing Industrial Center (MIC) designation under the auspices of the Puget Sound Regional Council. The MIC would be beneficial in securing infrastructure funding to support the development of real estate in this area for use by aerospace supply chain companies.

Provided administrative support to the Aerospace Futures Alliance of Washington, including for the 2015 AFA Governors' Aerospace Summit.

Regional advocacy to recognize and celebrate the Boeing Centennial year.

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

- On-going programs and expanded programs from the referenced partners.
- Funding of new transportation projects. Approval of ST3 alignment serving Paine Field.
- New-to-market developed industrial real estate &/or buildings
- Attendance at referenced shows
- Create a branding strategy and recognized identity for the IPZ
- Successful recruitment and expansion projects for aerospace firms
- Successful recruitment projects of aerospace suppliers for non-aerospace applications

#### **5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?**

MTorres America (parent company in Spain) announced the creation of their US Innovation Center and the purchase of 15 acres in Southwest Everett for R&D in automation as well as design/fabrication of aerospace tooling.

Aritex (parent company in Spain) opened an engineering office to offer and support automation technology to the Boeing Company.

Metalcraft Industries (Denver, CO) acquired an existing company, renaming the operation Northwest Metalcraft. The Zone provided introductions to other local aerospace metal shops and connected the firm with Everett Community College on workforce needs.

The ASKO Group expanded their presence in the Zone. The company manufactures aircraft parts and provides surface treatment services (cleaning, coating, painting) to others. Due to a lease expiry, they opened a facility in Mukilteo into which they will relocate a portion of their Seattle operations. ASKO has another facility in Mountlake Terrace.

Please refer to the activity mentioned in #3 above.

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

Funding Sources		FY 14	FY 15	Total
	Private	\$	\$	\$
	Local			
	State			
	Federal			
<b>Total Budget</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

The Aerospace Convergence Zone operates through Economic Alliance Snohomish County. The Zone has no revenue sources or dedicated expenses.

## Spokane University District Partnership Zone

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

### **IPZ:**

Spokane University District Partnership Zone

### **Partners:**

Washington State University, Eastern Washington University, Gonzaga University, Whitworth University, University of Washington, Community Colleges of Spokane, City of Spokane, Spokane County, Health Sciences and Services Authority, McKinstry, University District Development Board, Avista, Downtown Spokane Partnership, Kiemle and Hagood, Baker Construction, Jensen Byrd Development, Trace Real Estate Services, Wolff Company, Garco Construction, Bouten Construction, PAML, Providence Health, Cowles Company, Rosauers, Deautel Hege, Empire Health Foundation

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

***Building healthy and sustainable communities, environments, economies and people through research, technology development and commercialization***

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

Tax Increment Financing, Historic Preservation Credits, Workforce Development training funds, Community Empowerment Zone, Historic Underutilized Business Zone, Health Sciences and Services Authority, High Tech Research and Development credits, federal and state funds for Martin Luther King and Spokane Falls Blvd reconstruction activities and the University District Gateway Bridge, Innovation Partnership Zone grant, Capital funds for construction of medical education facilities and the Gateway Bridge, Department of Ecology, Economic Development Administration, Environmental Protection Agency

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

- Washington State University has designated the Riverpoint Campus as their statewide Health Sciences campus and have moved several programs to Spokane to assist in the buildout of the University District/Innovation Partnership Zone.
- A four-year medical school program is in the process of being accredited.
- Innovate Washington Building was completed, and over 100 companies were incubated, creating 100s of jobs.
- More than \$500 million in public funds have been utilized to build a Health Sciences Building, Academic Health Science Center, Nursing Building, Pharmaceutical and

Biomedical Sciences building. Additional construction dollars were leveraged to buildout infrastructure to accommodate this growth.

- Planning and next stage design for a modern electric trolley and an iconic pedestrian bridge to serve the University District and adjoining communities.
- Gonzaga University continues an aggressive buildout of their campus to support student requirements, including further development of their health sciences programs – more than \$200M in the last decade, with plans to invest \$100M in the next five years
- Eastern Washington University is investing in growing their professional programs on the campus, including communication disorders, dental hygiene, occupational and physical therapy
- Community Colleges of Spokane is partnering with EWU to create transitional programs from their two year certificates to EWU’s four year degrees
- Whitworth University is expanding its program offerings for nontraditional and evening students, moving its MBA program to the University District.
- The University District led an application for The White House sponsored “Envision America” challenge for cities to become smarter by accelerating deployment of innovative technologies. Because of the efforts of The University District, Spokane was recognized as one of the top 10 U.S. cities best positioned to work together as a community to accomplish these goals.
- The Connecting Washington package provided \$15 million to help fund the Central City Line, a six-mile, all electric bus rapid transit route connecting through Downtown Spokane and The University District to the Community College. The CCL is projected to directly increase land and improvement values by about \$175 million over 20 years. It will increase foot traffic, and it will help with things like wayfinding, parking and traffic congestion.
- Connecting Washington allocated \$8.8 million to The University District Gateway Bridge, which allows cyclists, walkers and joggers to cross over the railway tracks.
- The University of Washington (UW) and Gonzaga University signed an agreement to form the Regional Health Partnership to expand medical education and research in Spokane, and to leverage long-standing partnerships with other institutions in the area such as Providence Medical Research Center and others.
- In 2016, WSU Spokane was awarded \$29.1 million in external grant and contract awards, more than double the amount just three years prior.
- Under construction is the 51,240-square-foot Center for Athletic Achievement at an estimated cost of \$24 million. The building will house student-athlete support services, a weight room, nutrition center, basketball practice court, Gonzaga Athletic Hall of Fame, and multiple meeting areas.
- The Jesuit Residence, a 36,074-square-foot, \$12.3 million, residence building is being built at the northwest corner of Boone Avenue and Astor Street Gonzaga’s campus.
- Spokane Teaching Health Clinic (STHC) was opened. Built with \$16.2 million in general revenue bonds approved by WSU’s Board of Regents, it features 54 exam rooms and

space for EWU to bring in its physical and occupational therapy programs. The 42,000 square foot building had its genesis with the creation of the Spokane Teaching Health Center, a partnership forged in 2013 by WSU Spokane, Providence Health Care and Empire Health Foundation to address the shortage of medical residents in Eastern Washington.

- Gonzaga begins \$30 Million a 750-seat Myrtle Woldson Performing Arts Center, with ground breaking scheduled for spring 2017.
- A private development team has partnered with Washington State University Spokane to redevelop the historic Jensen-Byrd building and the surrounding site. The development team, named Jensen-Byrd LLC will sign a 50-year ground lease with the university to develop the 5-acre site, which includes the group's namesake and three other nearby buildings.
- The University District Public Development Authority is authorized to administer revitalization funds through an Interlocal Agreement (IA). The IA allows the City of Spokane to transfer assets to the UDPDA for public improvements.
- Founding of the University District Ecological Alliance (UDEA) — focused on the connections between our community and the river, to achieve the long-term, multi-generational success of our city, The UDEA mission is to work collaboratively with students and community leaders committed to ensure the ecological integrity, biodiversity and resiliency of a healthy Spokane River ecosystem. The growing support of The Alliance has included The University District Development Association, Gonzaga University, Eastern Washington University, Friends of the Centennial Trail, Spokane Riverkeeper, The Lands Council, Inland NW Land Conservancy, and the Spokane River Forum, among others.

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

Public Investments, Private Investments, Jobs Created, Patents Approved

#### **5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?**

Private Investments - \$92.4M

Public Investments - +\$560M

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

Funding Sources		FY 14/16	FY 15/17	Total
Inkind	Private	\$5000	\$5,000	\$10,000
	Local			
	State			
	Federal			
Total Budget		\$5,000	\$5,000	\$10,000

## Urban Clean Water Technology (Tacoma)

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

### IPZ:

#### Urban Clean Water Technology, Tacoma WA

#### Partners:

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

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

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

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

for leveraging financing for a clean water start-up accelerator in Tacoma.

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

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

- Organized and managed three successful **Wellspring** conferences
- Designed website—**Water Works Here**.

- Built awareness of IPZ within the **EPA Water Cluster Nation** network and visibility with the largest association in water (Water Environment Federation).
- Partnered with the **Pure Blue**—clean water innovation initiative which successfully garnered is a \$1million grant funded by the US Department of commerce and partners. Actively considering implementation of the Water Nexus—an accelerator.
- Completed case studies and site visits of water industry cluster initiative including strategies, projects and governance structures to identify collaboration opportunities and inform the next phase of IPZ vision development.
- Surveyed community stakeholders and prepared analysis for a Vision RoundTable to define next steps, initiatives and performance milestones.
- **Planning/Analysis for Center for Urban Waters II Building and Program.** Review of property availability, potential programming involving public and private sector and initial proforma analysis for second building and expansion of program offerings.
- **Clean Water Innovation Laboratory** – The grand opening of the Clean Water Innovation Laboratory at University of Washington Tacoma was held in Fall 2014. This space houses collaborations between university scientists and private and public experts, conducting research and product development for urban clean water solutions. In its current configuration, the IPZ laboratory is hosting a joint biotechnology research pilot program between UWT and JBLM-Madigan scientists.  
\*This new lab space was primarily funded out of the 2012 State capital funding allocation for Tacoma.
- **Advanced Analytical Instrument** – Installation and start-up of a high-tech laboratory instrument that allows scientists to detect a broad spectrum of compounds more efficiently and cost effectively. The instrument is being used to detect tracer chemicals to help determine the source of bacterial contamination in surface waters and to determine exact causes of toxicity in fish – further protecting the State’s shellfish and fishing economic resources, as well as human health. To date this facility has allowed an additional \$436K of extramural grant and contract revenue to be realized at the Center for Urban Waters.  
\*The instrument was funded out of the 2012 State capital funding allocation for Tacoma.
- **Innovative treatment media** – IPZ members: City of Tacoma and UW Tacoma were awarded series of grants from the Department of Ecology totaling to date \$292K to research and develop media that will reduce the level of phosphorus in stormwater. The active ingredient in the media is a waste product from the drinking water treatment industry. Bringing this product to market is the focus of a recently awarded Catalyst Grant from the Amazon Corporation to UW Tacoma.

- **WSU Puyallup Aquatic Toxicology building** – The renovation of the building has been completed, part of the equipment has been purchased and WSU is in the process of purchasing laboratory equipment. Renovation of this building will enable work with many more aquatic species than would be possible prior to this renovation. WSU is talking with potential partners from Federal agencies, tribes, consulting companies and other universities to find common interests and discuss sources of future funding for research projects. This will benefit the growth of the IPZ in the area of water research and development.
  - ✓ Washington State University made a commitment to hire a new faculty line, an aquatic toxicologist that would be housed in the renovated aquatic lab building. WSU hired this faculty member in July 2016.
  - ✓ And as WSU works with potential new partners, they anticipate that these partners will place workers at the lab. Furthermore, new staff will be hired as new research projects are funded.
  
- **Department of Ecology’s TAPE (Technology Assessment Protocol – Ecology) Program facilitation** – UW Tacoma, via the Washington Stormwater Center, works with numerous companies to foster them through the TAPE program, and also facilitates reviews of their application documents. This program assists in product development and new product testing which leads to additional business for companies involved. Under this program, we have assisted the following local and national companies: Royal Environmental Systems, Inc.; HydroInternational; StormwaterRx; Contech; Modular Wetlands; BaySaver; Filterra; Washington State DOT; Lean Environment; Aquashield; and Environment 21.
  
- **Creation of a Clean Water/Biotechnology Research Interface.** UW Tacoma supported the recruitment of an established biotechnology researcher to catalyze biotechnology/medical diagnostic research in the south Puget Sound region. Dr. David Hirschberg joined the Center for Urban Waters in 2014 and is exploring ways to bring clean water and biotechnology innovators together in the IPZ. To date he has raised \$463K in federal (DoD, NSF) funding for this work.
  
- **Expansion of Environmental Engineering Expertise.** Utilizing the space and instrumentation made available by the IPZ, UW Tacoma recruited a nationally-recognized Associate Professor of Environmental Engineering to strengthen our expertise in water chemistry and treatment technologies.
  
- **Planning/Analysis for Center for Urban Waters II Building and Program.** Review of property availability, potential programming involving public and private sector and initial proforma analysis for second building and expansion of program offerings.

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

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

#### 5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?

- **Annual Wellspring Conference:**  
Created and hosted three Wellspring conferences where local, national and international experts presented at the event in Tacoma. National and local vendors sponsored and highlighted their technologies and services. Attendance is rapidly increasing each year.
- **Working Waterfronts & Waterways Symposium:**  
The Center for Urban Waters was a sponsor of the *National Working Waterfronts & Waterways Symposium*, in Tacoma March 25-28, 2013. This was a national symposium on issues faced by working waterfronts throughout the United States including environmental challenges.
- **2013 University of Washington Water Symposium:**  
Sponsored by UWT Center for Urban Waters, Puget Sound Institute and UW College of the Environment, the event presented in-depth research on water sciences, engineering and policy from the Pacific Northwest water community.
- **Puget Sound Institute Workshop**  
Participated in the May 2013 gathering of scientists from large aquatic ecosystems around the country to discuss how science informs ecosystem-wide recovery efforts.

- **Environmental Protection Agency:**  
Participated and presented at the EPA-hosted water cluster meeting in Cincinnati, OH in March 2014. See: <http://www.urbanwaters.org/us-epa-water-cluster-meeting>.
- **Water Environment Federation (WEF):**  
Egils Milbergs (Center for Accelerating Innovation), Bill Stewart (EDB), Lisa Rozmyn (WSU-Puyallup), and Kurt Marx (UWT-CUW) represented the Tacoma Pierce County clean water cluster at the Private Networking Meeting Collaboration and roundtable discussion with water clusters from around the country called the *Water Innovation Clusters Round-Robin* at WEFTEC, Chicago, October 2013.
- **China Trade and Investment Summit:**  
The Environment and Clean Technology track of the captioned Summit held in June 2014 brought together speakers and companies from Tacoma to China working on environmental challenges to discuss technologies in groundwater and soil remediation.
- **2015 WEFTEC Conference:**  
Carla Milesi (UW Tacoma/Urban Waters) and Egils Milberg (on behalf of City of Tacoma) participated in the Water Environment Federation Technical Conference in Chicago, IL.
- **2015 Stormwater Equipment Manufacturers Association Conference:**  
Carla Milesi (UW Tacoma/Urban Waters) participated as an invited guest at the SWEMA Conference to promote the TAPE accreditation program.
- **Interstate Technology Regional Council:**  
Carla Milesi (UW Tacoma/Urban Waters) participated as an invited guest at the SWEMA Conference to promote the TAPE accreditation program.
- **Chilean Delegation:**  
Hosted the Chilean Ambassador to the United States and his delegation for a ½ day symposium on how government and private industry can partner to restore the environment.
- **Korean Environmental Delegation:**  
Hosted delegates from Korea to discuss how Tacoma cleaned up the Foss Waterway and stormwater management within the City. November 17, 2015.
- **National Association of Flood and Storm Water Management Agencies:**  
Urban Waters IPZ partners received first place in the Green Infrastructure Awards presented by the National Association of Flood & Stormwater Management Agencies for the Point Defiance Regional Stormwater Treatment Facility in the Medium Population category. This project garnered national attention for three powerful reasons.

It is a game changer for the stormwater industry, in treating more polluted stormwater than any other facility of its kind (over 750 acres from within the Asarco Smelter Plume). It also serves as a gateway park amenity at the entrance to Point Defiance Park with a prominent waterfall feature. It provides educational opportunities ranging from the casual park observer, to the Science and Math Institute (SAMI) high school students, and even local universities. This project was partially funded by a \$1,000,000 dollar grant from the Washington State Department of Ecology.

▪ **Municipal Engineering Foundation (Australia):**

The Center for Urban Waters hosted this group for a ½ day discussion of Municipal Engineering Practice focused on Green Roads, Green Infrastructure and innovative project delivery techniques. August 2016.

**Media/Article Placements**

- **Water World Magazine**, *Managing Storm Water One Parking Lot at a Time*, by Dr. John Stark, Director of WSU Puyallup, September 2012. The article focuses on LID and other clean water technologies being researched in Tacoma and Pierce County. <http://www.waterworld.com/articles/print/volume-28/issue-8/urban-water-management/managing-stormwater-one-parking-lot-at-a-time.html>
- **King 5 News report**, John Stark was interviewed by King 5 news about his work with Boeing on improving permeable pavements. <http://www.king5.com/tech/science/environment/ws-u-professor-permeable-pavement-could-save-environment/279287168>
- **Pollution Engineering**, *Collaborating for Sustainable Results: Communities Work Together to Remediate Water Entering Commencement Bay*, by Dr. Joel Baker, Science Director, Center for Urban Waters, January 2013. [http://www.vitalcontentpr.com/wp-content/uploads/2013/02/PollutionEngineering\\_CoverStory\\_Tacoma\\_Jan2013.pdf](http://www.vitalcontentpr.com/wp-content/uploads/2013/02/PollutionEngineering_CoverStory_Tacoma_Jan2013.pdf)
- **Bloomberg BNA's Environmental Compliance Bulletin**, *Sustainability - Tacoma Center Tackles Coastal Community Water Quality*, April 29, 2013. The article is about the CUW's focus on Best Management Practices. [http://www.vitalcontentpr.com/wp-content/uploads/2013/02/BNAEnvironmentalComplianceBulletin\\_4-29-13.pdf](http://www.vitalcontentpr.com/wp-content/uploads/2013/02/BNAEnvironmentalComplianceBulletin_4-29-13.pdf)
- **Journal AWWA** (American Water Works Association), *Cleaning Urban Waters Using Collaboration and Science*, by Michael P. Slevin III, P.E., Director of Environmental Services, City of Tacoma, June 2013. This article focuses on Tacoma's success in reducing legacy contaminants in waterways and low impact development initiatives. [http://www.vitalcontentpr.com/wp-content/uploads/2013/02/JournalAWWA\\_June2013\\_Tacoma.pdf](http://www.vitalcontentpr.com/wp-content/uploads/2013/02/JournalAWWA_June2013_Tacoma.pdf)
- **Treatment Plant Operator**, *Conference Reveals Clean-Water Industry Issues*, October 21, 2013. Article was written about the success of the 2<sup>nd</sup> annual Wellspring Conference. [http://www.tpomag.com/online\\_exclusives/2013/10/conference\\_reveals\\_clean\\_water\\_industry\\_issues](http://www.tpomag.com/online_exclusives/2013/10/conference_reveals_clean_water_industry_issues)

- **Water Systems Operator**, *Conference Reveals Clean-Water Industry Issues*, October 21, 2013. Article was written about the success of the 2<sup>nd</sup> annual Wellspring Conference. [http://www.wsomag.com/online\\_exclusives/2013/10/conference\\_reveals\\_clean\\_water\\_industry\\_issues](http://www.wsomag.com/online_exclusives/2013/10/conference_reveals_clean_water_industry_issues)
- **Water Conditioning & Purification**, *Wellspring Conference 2013: Overcoming Obstacles in Clean Water Technology*, November 15, 2013. Article was written about the success of the 2<sup>nd</sup> annual Wellspring Conference. [http://www.vitalcontentpr.com/wp-content/uploads/2013/02/WaterCondPurif\\_Wellspring2013\\_11-15-13.pdf](http://www.vitalcontentpr.com/wp-content/uploads/2013/02/WaterCondPurif_Wellspring2013_11-15-13.pdf)
- **Treatment Plant Operator**, *Clean Water Conference Makes a Splash*, November 20, 2013. Article was written about the success of the 2<sup>nd</sup> annual Wellspring Conference. [http://www.tpomag.com/online\\_exclusives/2013/11/clean\\_water\\_conference\\_makes\\_a\\_splash](http://www.tpomag.com/online_exclusives/2013/11/clean_water_conference_makes_a_splash)
- **Municipal Sewer & Water**, *The Long View: Sound planning and management help Tacoma get the most out of its infrastructure*, April 2014. This article was a cover story about Tacoma Water’s asset management and best practices. [http://www.mswmag.com/editorial/2014/04/the\\_long\\_view](http://www.mswmag.com/editorial/2014/04/the_long_view)
- **Treatment Plant Operator**, *Tacoma – Pulling It All Together*, April 2014. This article highlights Tacoma Public Utilities and partner’s efforts to be a leader in clean water technology and sustainability. [http://www.tpomag.com/editorial/2014/04/tacoma\\_pulling\\_it\\_all\\_together](http://www.tpomag.com/editorial/2014/04/tacoma_pulling_it_all_together)
- **The New York Times**, *With Data and Resolve, Tacoma Fights Pollution*, June 12, 2014. Section ‘A’ article about the City of Tacoma and the Center for Urban Water’s great work in clean water technology. [http://www.nytimes.com/2014/06/13/us/with-data-and-resolve-tacoma-fights-pollution.html?\\_r=2](http://www.nytimes.com/2014/06/13/us/with-data-and-resolve-tacoma-fights-pollution.html?_r=2). Article also ran online in *The Daily Mail* in the UK, *MSNBC.com*, *EIN*, *Yakima Herald Republic*, *Business Examiner*, *Exit133*, *Environmental Health News*, *Environment.com*, and more.
- **The Seattle Times**, *Tacoma takes aim at drains in big battle against pollution*, June 13, 2014. Reprint of the New York Times article about Tacoma’s great work in clean water technology. [http://seattletimes.com/html/localnews/2023842805\\_tacomawaterxml.html](http://seattletimes.com/html/localnews/2023842805_tacomawaterxml.html). Article also ran on numerous news websites.
- **The Seattle Times**, *Tacoma Rebounds*, July 20, 2014. Article about how Tacoma has rebounded from the recession, including their successes in clean water technology. [http://seattletimes.com/html/businesstechnology/2024110950\\_biztaloncol20xml.html](http://seattletimes.com/html/businesstechnology/2024110950_biztaloncol20xml.html)
- **KPLU**, *A Million-Dollar Question: As Sea Levels Rise, How Can Coastal Communities Adapt?*, March 29, 2016. Article about Tacoma’s participation NOAA funded team looking at the impacts of Seal Level Rise (SLR) on urban coastal communities. <http://knkx.org/post/million-dollar-question-sea-levels-rise-how-can-coastal-communities-adapt>
- “Lofall Creek’s pollution culprit caught: raccoons,” by Tristan Baurick, *Kitsap Sun*, June 25, 2016, <http://www.kitsapsun.com/news/lofall-creeks-pollution-culprit-caught-raccoons-360c9ce0-9d7a-3111-e053-0100007f1de6-384412851.html> (Although the IPZ program is not mentioned specifically, the testing equipment that allowed Kitsap County to identify Lofall Creek’s pollution source was funded by IPZ grants.)

## **Business Recruitment**

The Economic Development Board for Tacoma-Pierce County (EDB) has the lead role on recruitment and retention of companies in the sector. Current database of water technology companies stands at approximately 750.

EDB's hired a recruiter during 2012-2013. The recruiter attended approximately 9-12 national and regional water technology conferences per year for direct contact with companies. Conferences included: StormCon, Water Environment Federation, National Groundwater Expo, GLOBE Environmental EXPO, etc.

Industry market analyses project the global demand for clean water technology will grow 7% per year through 2017. Some of the challenges that have been identified in the marketplace are listed below:

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

## **Business Support**

- **The Clean Water Innovation Laboratory:**

This laboratory is located at UWT's campus and houses collaborations between university scientists and private and public experts, conducting research and product development for

urban clean water solutions. In its current configuration, the IPZ laboratory is hosting a joint biotechnology research pilot program between UWT and JBLM-Madigan scientists.

▪ **Washington Stormwater Center:**

The Emerging Technologies branch of the Washington Stormwater Center helps foster the development and use of new stormwater technologies. If the technology is a candidate for the Technology Assessment Protocol – Ecology (TAPE) program or could be a solution to reduce or eliminate storm water pollutants, the program can:

- ✓ Help a company or entrepreneur navigate resources so that the product or service can be effective at helping manage stormwater.
- ✓ Disseminate and share successful products, services, and ideas with stormwater managers.
- ✓ Research, develop, and evaluate innovative and cost-effective technical solutions to remove pollutants from runoff and to reduce or eliminate stormwater discharges.

**Job Creation**

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

- 32 employees at a new clean water startup (name withheld due to company confidentiality), including 8 additional jobs in 2014. The same company has also secured five patents.
- UWT/Center for Urban Waters has hired two additional senior scientists in the areas of clean water/biotechnology and environmental engineering.
- WSU Puyallup has hired a new faculty member who is an aquatic toxicologist. In addition, WSU Puyallup director John Stark reports that working with new partners will lead to expanded employment at the school's lab and new hires will follow as new projects are funded.
- Tacoma-based GeoEngineers increased staff by 8, with several working on groundwater projects locally, regionally and nationally.

**International Business, Education, and Investment Opportunities**

The World Trade Center Tacoma, City of Tacoma and Center for Urban Waters are working with Chinese officials and scientists to exchange information and learn about clean water technology and remediation experiences. A 2014 Environment and Clean Technology track of a China Summit brought together scientists working in China with Tacoma environmental consulting firms.

## **Business**

- A Tacoma engineering firm was invited to go to China for a week as an expert to discuss Low Impact Development (LID) for the City of Shenzhen's development of a LID center. This put Tacoma on the leading edge for LID. *Because of this contact there are 20-30 new contacts for business development in Tacoma area.* The engineer was later invited to lecture to an incoming delegation of over 20 high-level officers and general managers affiliated with the Ministry of Housing and Urban Development. These officials are important to decision-making regarding China's Sponge-City initiative. The delegation toured the Center for Urban Waters facility.

As a result of the event other delegations were received at the Center for Urban Waters. These included representatives from Shenzhen University and Beijing Construction University.

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

## **Education**

A contact developed through the above Clean Technology event expressed interest on the part of Universities in China being worked with on LID for academic cooperation with the University of Washington Tacoma (UWT). The 2+2+1 program currently developed through the Urban Planning Department at UWT is being modeled as an example for a new green infrastructure engineering degree under consideration.

## **Investment**

A Beijing investment immigration firm learned of the yet-completed Center for Urban Waters II (CUW II) plan for the expansion of the current facility with an 8-story structure across the street. The firm expressed interest and encouraged the City of Tacoma to develop the plan further. A tour was followed by a series of conference calls with the Beijing office, further development of the CUW II plan, and a presentation in the Beijing offices of the investment-immigration firm. Development of the plan with the input of the Beijing-based firm is ongoing.

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

Funding Sources		FY 14	FY 15	Total
	Private	\$ 559,097	\$ 396,000	\$ 955,097
	Local	\$0	\$0	\$0
	State	\$100,250 WSU	\$947,721 WSU	\$1,047,971
	Federal	\$52,070 WSU \$5,600,000 UWT	\$306,141 WSU \$1,700,000 UWT	\$7,658,211
<b>Total Budget</b>		<b>\$6,311,417</b>	<b>\$3,349,862</b>	<b>\$9,661,279</b>

- A Vision Roundtable is being scheduled for Fall 2016 for defining vision and the work plan, milestones, roles and responsibilities for the IPZ for the coming year.
- IPZ is exploring partnering with Pure Blue, Water Vent and the Pacific NW Economic Region to co-produce a significantly expanded Water Innovation Conference for the Puget Sound Region in October 2017.
- The IPZ is exploring establishing a clean water start -up accelerator. Currently the IPZ is discussing requirements with Pure Blue.

### Summary

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

## Tri-Cities Research District

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

### IPZ:

Tri Cities Research District, Richland WA

### Partners:

Pacific Northwest National Laboratory  
Washington State University, Tri-Cities  
Kurion Veolia  
TCRD Board of Directors

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

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

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

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

\$476K from City of Richland to support \$250,000 state IPZ funds to extend broadband infrastructure, completed May 2015.

\$5m provided to IPZ to support \$23m Wine Science Center facility completed June 2015.

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

- Delta High School receives state support of \$5.4m to allow for construction of new facility in Pasco, TCRD supported this effort at the state level.
- TCRD spends remaining state IPZ funds on way finding signage within the district.
- City of Richland begins initial \$2.3m broadband infrastructure project that includes the TCRD.

- TCRD is co-sponsor of first Tri-Cities Start Up Weekend and Future Energy Workforce Conference events.
- Kurion purchases Vista Engineering and expands operations within TCRD.
- WSU TC is named HUB of new Biofuels Program with FAA making a 10 year, \$40m grant to WSU and MIT.
- DOE announces new Systems Engineering Laboratory (SEL) \$10m project to be built on the northeast corner of Stevens and Horn Rapids Road.
- TCRD holds Clean Energy Day in Olympia
- March 2014, 2<sup>nd</sup> Tri-Cities Start Up Weekend is held hosting 59 entrepreneurs
- July 2014, the Lofts 160 units are completed and open with 93% occupancy by Innovation Center, LLC private developer \$70m project
- TCRD recognizes SIGN as TCRD 1<sup>st</sup> Innovation Partner of the Year
- March 2015, New York City based Live Tiles LLC, a Microsoft partner sets up global research and development operations within TCRD, IPZ
- POB and COR win WEDA 2014 Recruitment of the Year for Local Revitalization Program within TCRD and Horn Rapids Industrial Park.
- B Reactor names part of Manhattan Project National Park
- June 2015, \$23m Wine Science Center facility opens
- PNNL creates new Office of Strategic Partnership
- PNNL announces new \$7.5m Chemistry Lab
- WSU TC announces \$5.7m Student Union Building
- The Lofts Phase II, \$45m is announced by Innovation Center, LLC
- November 2015, PNNL new \$2.7m pilot program to help develop clean energy products is launched
- September 2015, 1,641 acres of land is transferred from DOE to TRIDEC/Port and City of Richland, portion added to TCRD

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

The TCRD is a 501 (c) (6) corporation managed by a Board of Directors of up to 15-members. The board includes representation from the Benton-Franklin Workforce Development Council, Columbia Basin College, City of Kennewick, City of Richland, City of Pasco, Port of Benton, PNNL, Innovation Center at TCRD, LLC, TRIDEC and WSU-TC, as well as representatives of district landowners and building owners. The board oversees the development of the district as well as the state-designated Tri-Cities Innovation Partnership Zone (TCIPZ) along with the zone administrator in order to assist in the implementation of the zone. An annual work plan and quarterly status report are reviewed and provided to the board to track progress.

The Bylaws call for the TCRD board to have an Executive Committee, a Marketing Committee including Communication and Community Outreach Committee and a Resource/Funding Development

Committee, an Innovation Partnership Zone Advisory Committee and a District Development Committee.

## 5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?

PNNL-\$9.8m Collaboration Building  
\$9.5m Chemistry Laboratory  
\$7.m Systems Engineering Building

WSU TC – \$5.7m Student Union Building  
\$23m Wine Science Center (\$5m of \$23m via IPZ)

Innovation Center, LLC - \$70m Phase I (2014) and \$45m Phase II Apartments (2015)

City of Richland and Port of Benton Local Revitalization Funding (LRF) partnership resulting in \$2.3m broadband expansion within the TCRD boundaries.

TCRD/POB recruitment of LiveTiles, LCC, 5 jobs.

Retention of IsoRay and Kurion lead by the Port of Benton.

*The IPZ itself does not create patents we do however support creation of such an environment and partnerships. The value of TCRD IPZ is the depth of its partnerships and shared vision.*

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

City of Richland and the Port of Benton LRF Partnership resulted in a \$1.2m broadband project within the IPZ boundary.

- Dues were collected from the TCRD board totaling \$6,000 annually beginning in 2015.

## Thurston Craft Brewing and Distilling

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

### IPZ:

Thurston Craft Brewing and Distilling Innovation Partnership Zone

### Partners:

- City of Tumwater
  - South Puget Sound Community College
  - Thurston Economic Development Council
  - Washington State University School of Food Science
  - Sandstone Distillery
  - Fish Brewing Company
  - Top Rung Brewing Company
  - City of Lacey
  - City of Olympia
  - Port of Olympia
- 

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

The mission of the Thurston Craft Brewing and Distilling IPZ is to ensure a world-class source for craft brewed beers and ciders and craft distilled spirits, made from locally grown ingredients by independent expert producers, and distributed nationally and internationally.

It is the vision of the IPZ leadership to: create a dynamic and vibrant economic sector that embraces the community's rich history and legacy in this sector; to empower local businesses to thrive; and to establish a renowned center of craft brewing and distilling excellence which attracts visitors and customers from around the world.

Specifically, the IPZ partners envision the following activities in the first ten years of operations/efforts:

1. The establishment of a craft brewing and distilling center
2. The establishment of a set of craft brewing and distilling training certifications through South Puget Sound Community College
3. A nationally and internationally recognized regional brand of craft brewed beers, ciders and distilled spirits

4. The creation of a cluster of successful producers and marketers of craft beers, ciders and distilled spirits
5. A well-functioning network of producers and local farmers who grow the grains, fruits and hops used as raw ingredients in the products.

This is the first year of the IPZ, and the work plan was to ensure establishment of a ground floor of operations and partnerships. The five year work plan identifies that years two through five will be focused on increasing the economic data points – i.e. employment, wages, cluster values, and total number of employers within the sector.

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

Through the Washington State Community Economic Revitalization Board (CERB), the City of Tumwater received a \$30,000 grant to conduct a feasibility study for a craft brewing and distilling center incubator. Additionally, the City of Tumwater committed \$5000, and also received \$5000 from South Puget Sound Community College, for this effort. This study will be completed in the fall of 2016.

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

Through the South Puget Sound Community College, non-credit courses have been developed and offered (and continue to be offered) that create connections from industry to our community and build upon the legacy of our area. Class titles include:

- Brewing science for the home brewer (in partnership with Fish Brewing Co.)
- So you want to start a brewery (in partnership with Top Rung Brewing)
- Taste and tour class at Salish Sea Organic Liqueurs
- Taste and tour class at Fish Brewing
- Distiller for a day (in partnership with Sandstone Distillery)
- The Tipple Club: Classic cocktails (in partnership with Sandstone Distillery and Water Street Café)
- Historic Brewery district and facilities tour

In May 2016, the South Puget Sound Community College met with industry representatives from Distilling, Cider and Brewing to give feedback into facility site planning and educational needs. SPSCC hired an architectural firm to do facility site plans for a Center for Craft Brewing and Distilling education building. The final report from the firm is due mid-September 2016.

In August 2016, the South Puget Sound Community College brought together local stakeholders and industry representatives for an evening to connect the history of the Schmidt House and Olympia Brewery to the local products being made, paired with food from SPSCC Catering department. The event was to build support around “Bringing Brew Back” and update people on various aspects of the project.

The South Puget Sound Community College is preparing a Program Approval Request to go to the Washington State Board for Community and Technical College in fall 2016 for new curriculum offerings focused on this industry.

The City of Tumwater has developed a communications strategy, website and social media assets to create a platform to collectively share Innovation Partnership Zone stories of success in brewing, distilling, and cider making and related sectors and supply chain.

Tumwater convened local operators, distributors, logistics and business support at the Center for Business and Innovation to provide connections to resources and cross-sector networking.

Tumwater has surveyed local business operators to poll training needs for workforce at various stages of startup and scale up.

The Thurston Economic Development Council has identified a local agrarian producers' supply chain for grains. To support this, the EDC has begun preliminary feasibility stage work for the establishment of an agricultural business and technology business park.

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

In subsequent years, this IPZ will be measuring in the following broad categories:

- Technology: any patents applied for in the innovation of brewing, distilling, cider press and grains
- Human capital: the increase of employment and wages within the classifications of this IPZ
- Infrastructure: the amount of dollars invested in infrastructure that will support the sector
- Market growth: the amount of increase of taxable sales and other revenue indicators
- Entrepreneurial climate: the number of new business operations within the sector; and the participation level at local and regional classes
- Measurements: volume of production, annual sales, and breadth of market

Additionally, once the incubator and center opens, the following will be measured and reported:

- Number of inquiries made by individuals interested in the IPZ
- Number of participants in training and networking events
- Number of students to receive training certifications from SPSCC
- Number of clients of the Center for Business & Innovation that fall into the craft brewing and distilling segment

**5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?**

As this is the first year of operations and coordinated work as an IPZ, the major outcomes of the IPZ activities were in organizing and outreach, training, and planning that was identified in section 3 above.

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

Funding Sources		FY 14	FY 15	Total
	Private	\$0.00	\$0.00	\$0.00
	Local	0.00	0.00	0.00
	State	0.00	0.00	0.00
	Federal	0.00	0.00	0.00
Total Budget		\$0.00	\$0.00	\$0.00

## Vancouver/Camas Applied Digital Technology Accelerator

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

### **IPZ:**

Vancouver/Camas Applied Digital Technology Accelerator  
Designated October 2013

### **Partners:**

Columbia River Economic Development Council (CREDC)  
Washington State University Vancouver (WSUV) -Creative Media and Digital Culture Program  
Workforce Southwest Washington (WSW)  
Clark College  
Vancouver Greater Chamber of Commerce  
City of Camas  
Wacom Technologies  
Woobox software

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

The Applied Digital Technology IPZ mission is to grow the need and market for applied digital technologies by fostering education, research and economic partnerships.

#### **The IPZ Big Four Goals**

Marketing & Networking  
Business Development & Recruiting  
Infrastructure & Place-making  
Education & Training

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

management resources and has supported each year a paid internship for Washington State University Vancouver students to assist with the IPZ initiative. Additionally, the IPZ management team partners as well as many of the IPZ business partners have provided staff resources to assist and support in the growth of the IPZ mission and goals.

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

#### **Events with media coverage**

- **City of Vancouver:** hosted “Innovation and Entrepreneurship” the Washington and Oregon Economic Development Associations joint summer conference. The IPZ initiative was highlighted throughout the conference and panel discussions – over 200 attended.
- **Vancouver Greater Chamber of Commerce** in partnership with all the IPZ partners held the “*Digital Technology Expo & Luncheon*” an event providing technology exhibitor booths, a demonstration stage, guest speaker panel, guest speakers focused on business application of new technologies. Over 250 high school students and many local businesses attended and networked with local area STEM professionals.
- **Washington State University Vancouver**
  - *Game Changers: Re-inventing Storytelling through Video Games* <http://dctc-wsuv.org/gamechangers/> A month long exhibit at Terminal One of influential independent video games that have experimented with and reinvented storytelling techniques, impacting the way we experience narratives in the 21<sup>st</sup> Century - Partners include: Washington State University Vancouver, The Creative Media & Digital Culture Program, the Columbia River Economic Development Council, Innovation Partnership Zone (IPZ), and the Portland Indie Game Squad
  - *Chancellor’s luncheon: “Reality Check: Technologies that will change the way we work and think”* <https://admin.vancouver.wsu.edu/marketing-and-communications/press-releases/wsu-vancouver-explores-how-digital-technologies-are>
  - *Game Changers: Video Games as Innovation* a month long student exhibit and series of events
    - Opening night and reception at Nospace Gallery & Media Lounge
    - Hackathon sponsored by Garage Games
    - Games as Platforms of Innovation a panel discussion
    - Mario Kart Tournament an afternoon of game competition
    - Dance Dance Revolution Tournament an afternoon of non-stop movement with most popular games both the Mario Kart Tournament and Dance Revolution Tournament were designed to reach a widely diverse population
  - *Technology exhibitions:*
    - CREDC “*The Economy Strikes Back – interaction installation: “Life Renewed”* <http://dctc-wsuv.org/projects/life-renewed/>
    - CREDC’s *Grow Clark County: VR environment: “T1VR”* <http://dctc-wsuv.org/projects/credc-vr/>
    - *Greater Vancouver Chamber of Commerce Technology Showcase – VR environment: “T1VR”*

- *Outreach to D-12: Martin Luther King Elementary 5<sup>th</sup> Tour of CMDC Tech Labs*
  - *Workshops – Digital Marketing and Social Media Analytics* sponsored by Greater Vancouver Chamber of Commerce
  - *Tech Site Visits: Studio 343 at MicroSoft and Enterprise Architecture at The Walt Disney Company*
  - *#nextchapter events* - an annual community-wide discussion of compelling cultural trends in the emerging digital economy spearheaded by WSUV's Creative Media and Digital Culture (CMDC) Program.
- **Camas School District:** “The Mentors of Team 2471”:a film as a project-based learning experience was created by Camas School District students and took 2<sup>nd</sup> place in the Camas School District Film Festival 2016
- **Columbia River Economic Development Council**
    - *“Grow Clark County series”*
      - *“Startup Showcase”* at the Vancouver Business Journal Business Growth Awards
      - *“Building a Tech Community”* hosted by Garage Games/GG Interactive
      - *“The Internet of Things”* hosted by the Perfect Company (formerly Pure Imagination)
      - *“Global Entrepreneurship Week”* keynote featuring Tim Boyle, CEO, Columbia Sportswear
      - *“The World of Virtual Reality”* hosted by Immersive Media/IM360
      - *“Startup and Innovation Showcase”* at the Vancouver Business Journal Business Growth Awards
      - *“Getting Social with Woobox”* hosted by Woobox
    - *Video Games as Innovation”,* Spring quarterly luncheon
    - *CREDC and WSUV Business Growth MAP Alliance:* Each month the Alliance brings together small businesses and entrepreneurs to learn from each other, local experts and WSU Vancouver faculty with the goal to develop a community of small business owners who want to come together for networking and conversation on topics important to growth and success.
    - Created a focused technology recruitment packet that includes IPZ information.
    - *“Digital Technology Innovation Showcase”* an interactive networking and showcase event highlighted the IPZ and where technology anchors and up-and-coming entrepreneurs showcased their latest technologies and students showed off their capabilities and assets. Over 175 attended including technology companies, entrepreneurs, angel investors, local elected officials, and technology students and faculty
- **Workforce Southwest Washington**

- Hosted Business after School Technology tours with local businesses to introduce 15 young adults to careers in technology.
  - Implementing the 5-step business collaborative model with industry and regional partners in the development of a Regional Technology Workforce Plan.
- **City of Vancouver**
    - Convened 9 IPZ partner management team meetings
    - Created and maintain **IPZ Website** [www.IPZGETIN.com/](http://www.IPZGETIN.com/)
    - Developed marketing materials and communications plan: brand, tag lines and logo, brochure, and continually maintained IPZ Web-site
    - Contributed to 3 grant applications with education/training partners - Clark College Foundation was awarded a Meyer Memorial Trust Grant for a new STEM building.
    - Launched 2 Needs analysis survey targeted for small technology firms.
    - Continue to meet with IPZ technology firms to build relationships, inform them of the IPZ and its benefits and seek their ideas for advancing the IPZ as a framework for digital technology partnerships and connections.
    - *Organized:* Tech CEO/owner networking events - three successful events that highlight different company offices and products and included guest speakers/presentations.
  - *Startup VanCo* a private tech company organized panel discussions – “How to Startup your startup” and “*Social Media for Your Startup*” panel discussion
  - **IPZ Private Company Partners**
    - Technology Meetups
      - Vantechy Vancouver is the social starting point for the Vancouver Tech scene <http://www.meetup.com/VanTechy/>
      - Vancouver Ruby is for Ruby users [www.meetup.com/vancouver-ruby/](http://www.meetup.com/vancouver-ruby/)
      - VanCoffee Meetup designed for tech executives <http://www.meetup.com/VanTechy/>
      - The Bridge Incubator a hub for Vancouver Innovation <http://www.meetup.com/thebridgevanwa/>

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

##### Tracking IPZ progress

- 4 IPZ management/partnership meetings annually
- Number of events that help expand collaboration between research, workforce, and private sector
- Number of additional IPZ private business partners
- Number of students receiving degrees and/or certifications related to applied digital technologies

- Creation of a branded hub within the zone and a digital strategy to highlight activities, events, and successes
- Number of successful recruitments to the IPZ geographic area
- Future applied digital technology occupation projections
- Number of businesses sited due to IPZ research and/or other activities
- Amount of available incubator space
- Evidence of commercialized research

## 5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?

Much of the desire to locate within the IPZ is a result of committed collaboration and hard work by the IPZ partners through creating and hosting events, providing for an educated work force and active business recruitment.

Our Innovation partnership zone (IPZ) is an initiative designed to grow and support tech companies located in downtown Vancouver and East Vancouver/Camas Employment Center by cultivating partnerships between private business, education, and local governments and agencies. The IPZ in downtown Vancouver is working to grow its tech cluster by supporting complementary businesses – the coffee shops, bars, breweries, restaurants, food trucks, and vibrant public spaces that help firms recruit and retain top tech talent. Since the formation of the IPZ in 2013, brewpubs and taprooms, as well as tech firms, have proliferated in downtown Vancouver.

In East Vancouver/Camas, the IPZ focus is on mature tech businesses to create meaningful connections to education through mentorships, project based learning, and employment for students. Partnerships with Camas school District, Clark College, and Washington State University Vancouver are helping to create a homegrown, qualified tech workforce.

### Provide qualitative information/stories that demonstrate job creation/retention activities:

- **Washington State University Vancouver:**
  - *Innovations* – DrowZDrive App, <http://drc-wsuv.org/projects/drowz-drive/>  
Funded by a 2014 WSU Commercialization Gap Fund – A mobile app that alerts drivers before they fall asleep; involves patented technology.
  - *Commercialization Gap Fund Grant* – to fund “Force Field”, a mobile field trade service management system aimed at businesses whose service and sales personnel needing access to inventory, warranty information, bid forms, and sales receipts that communicate information among the sales staff, customer, and office staff.
  - *CougParent Grant* – to fund the 2016 season of the Live Radio Performances at Kiggins Theatre
  - *16 internships* completed between Downtown and 192<sup>nd</sup> Corridor IPZ

- Development of new accredited gaming curriculum: Games Theories & Production
- \$10,000 grant to sustain Game Changers program
- *WSUV Tech job placements in Vancouver, WA*

Keely Bitton	The Audigy Group	Presentation Designer
Alexa Lepisto	Digital Trends	Social Media Assistant
Derick Lock	Blue Blazes	Digital Media Marketing
Matt Lyons	C3MS	Motion Graphics
Kenneth Marshall	City Ranked Media	On Page SEO/Content strategist
Alan McGinnis	Webfor	Web Developer
Corrine Murphy	Opus	Technical Producer
Caleb Nymeyer	Emerge Social	Web Development
Chris Pacicins	Gravitate	Project Manager
Jason Wendland	Dick Hannah	Marketing (videography)
Amanda Wolcott	Landerholm Associates	Social Media and Digital Marketing

- **Columbia River Economic Development (CREDC)**

- DiscoverOrg – 250 jobs - a local tech and data enterprise originally located in unincorporated Clark County. They were proactively contacted regarding their rapidly growing workforce and need for increased physical space. With a strong focus on hiring young talent, DiscoverOrg considered a number of urban cores in the Portland-Metro area to attract their preferred caliber of employees. DiscoverOrg utilized the job profiling system, provided at no-cost through the Southwest Washington Workforce Development Council, to ensure the best employee/job match when screening new job applicants which has greatly increased their job retention. Additionally, the company has hired several employees through WorkSource Washington’s On-the-Job-Training program and recruitment and screening services. After initial discussions on location, they were presented with 3 downtown Vancouver options for their physical expansion, one of which they chose based on proximity to Portland, I-5, and the urban amenities of downtown Vancouver.
- Tripwire is a Portland, Oregon based company that opened a second office in Vancouver. The City of Vancouver proactively worked with Tripwire to address concerns around bicycle parking facilities for their employees, developing an innovative partnership to accommodate additional secure bike parking with a City-owned parking facility. This effort was instrumental in allowing Tripwire to

continue to grow at its Vancouver location, by helping it retain and attract talent that increasingly commutes by bicycle.

- Garage Games recruited from Las Vegas to downtown Vancouver bringing 14 jobs. One of their reasons for relocating – the IPZ.
  - Webfor – 15 jobs
  - Perfect Company – 12 jobs
  - Ruebriq – 2 jobs
  - IND LLC – 20 jobs
  - NetRush – 70 jobs
  - Columbia Collective – City of Vancouver’s first formal co-working space home to more than 20 startup companies; now expanding into new location
  - Kyocera – institutional high technology company began first physical expansion since 1992 in Vancouver with a 20,000 sf. Advanced manufacturing facility
  - AbSci-26 jobs; biotechnology recruitment into Vancouver’s downtown core.
- **Workforce Southwest Washington**
    - Secured a \$1.8 million dollar training grant through the Ready to Work Initiative and utilized it to launch Reboot Northwest through WorkSource Washington to prepare workers for tech and manufacturing careers. Through June 2016, the midway point of the grant, 44 long-term unemployed and veterans participated in training, with 15 participants having secured employment at an average wage of \$20.94 per hour, which is higher than the grant target.
    - ProSTEP training funds were granted to software/technology and manufacturing companies to advance the skills of 19 tech workers, increasing their job retention
    - Through the WorkSource training grants, 21 formerly unemployed people received training and found and retained employment in a digital technology occupation
    - Collaboration between WorkSource Business Solutions and Partners in Careers resulted in registering 10 technology businesses on the [www.catalystwa.org](http://www.catalystwa.org) platform launched in 2015 under the Youthworks grant, which connects youth with employers. Additionally 11 technology career coaches were registered to mentor youth.
  - **Clark College**
    - Traditional Math requirements have been a barrier for students pursuing career training. Clarks computer programming department and Math department worked together to develop a math prerequisite option providing a quicker and more direct way for students to pursue computer programming
    - CTEC Computer Support Program students develop and deliver monthly presentations general public workshops on computer security held at the Fort Vancouver Public Library

- Monthly technology workshops on computer security for the general public at Fort Vancouver Library
  - Web Development degree program supplies co-op internship students for the local newspaper The Columbian. Columbian hired one of the interns spring 2015.
  - Computer Technology and Networking technology program offers courses specific to the Microsoft Tech Associate Certification where students can earn MTA certs as a part of the course work. These include certifications in operating system, networking, network server, database administration and computer security.
  - Clark College partnered with IBM to adopt the use of IBM's Watson and Bluemix technologies into the CTEC 121 Intro to Programming and Problem Solving Course (Winter 2016)
  - Clark College students participated in the Vancouver Tech Expo demonstrating IBM's Watson Tone Analysis and Language Translation technologies (May 2016)
  - Clark College students participated in several internships with The Columbian newspaper and Johnson, Bixby and Associates, a financial planning firm (2013-2016)
  - Clark College staff participated in TechFest NW and WebVisions, Portland based industry conferences in 2015 and 2016
  - Clark College staff member Bruce Elgort was named an IBM Champion for Cloud in May 2016
  - Clark's CGT 106 User Experience Design class provided user testing for the ORBIS Cascade Library Alliance in Spring 2016 and for Wacom Technology in Fall 2014 and Spring 2015.
  - Clark has developed and in Winter 2017 will begin to offer a new Computer Programming course offering to better serve the needs of the professional technical student and the high school transfer population
  - The CTEC department at Clark has expanded the guest lecture component of their CTEC 165 Business Web Practices class for Fall 2016 and will be opening up these sessions to the community at large.
  - Multiple graduates of the Web Development, Networking and Computer Graphics Technology programs have found employment in local companies and agencies
- **Southwest Washington STEM Network**
    - Provided STEM Professional Development to over 100 teachers in 16 school districts which impacted 12,000 students in the region
    - Launched AP Connect [www.swstemnetwork.org/ap-connect.html](http://www.swstemnetwork.org/ap-connect.html) which provides mentoring, tutoring, college and career awareness activities to over 190 students in the Camas, Evergreen and Vancouver School Districts

- Added more than 20 additional Work-Based Learning (i.e. internships) experiences
  - Articulated Dual Credits to Clark College for Students Participating in Work-Based Learning experiences.
  - *Partnered with Washington STEM, Clark College and Women’s Funding Alliance for the “Women in Stem Town Hall”*: providing for Liz Vivian, Executive Director Women’s Funding Alliance and Phyllis Harvey-Buschel, ED.D. Director of K-12 Programs Washington MESA and Deena Pierott, Founder iUrban Teen Tech.
- **City of Vancouver**
    - Streamlined permitting processes and removed regulatory barriers to encourage business growth for both tech firms and complementary businesses such as breweries, restaurants, bars, coffee shops, and bike facilities (parking/bike lanes). The City created a successful food cart pilot program and facilitated its first food cart pod.
    - Provided 3 paid IPZ internship positions for the WSUV’s Creative Media & Digital Culture Program
    - Developing complete streets policy to support pedestrian/bike environment in the downtown IPZ.
    - The City of Vancouver and CREDC staff has met face to face with all new downtown tech companies - Downtown Vancouver went from approximately a dozen tech firms before the IPZ designation in 2013 to over 46 by 2016

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

Funding Sources		FY 14	FY 15	Total
	Private	\$0.00	\$0.00	\$0.00
	Local - City of Vancouver provides	\$35,000	25,000	60,000
	State	0.00		
	Federal	0.00		
<b>Total Budget</b>		<b>\$35,000</b>	<b>\$25,000</b>	<b>\$60,000</b>

## Walla Walla Innovation Partnership Zone

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

### IPZ:

Walla Walla Innovation Partnership Zone

### Partners:

City of Walla Walla (IPZ Administrator, staff support)

Walla Walla Community College (staff support, planning and evaluation, headquarters)

Port of Walla Walla (staff support)

Port of Columbia County

ETS Labs

Nelson Irrigation

Confederated Tribes of Umatilla Indian Reservation

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

- Retain and create family wage jobs
- Improve wages and benefits
- Attract and grow a talented workforce
- Increase private sector investment
- Seek public investment to help support IPZ infrastructure
- Promote applied research and technology transfer
- Update Wine Cluster Study
- Establish Applied Baccalaureate Degree Programs at WWCC
- Expand Health and Social Services training
- Establish a Center for Rural Entrepreneurship

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

- Currently no IPZ tax incentives are utilized. However the WW IPZ has been a catalyst for interagency collaboration and strategic planning as evidenced by the results in 3, below.

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

- Established Sea-Tech Skills Center on WWCC Campus

- Completed Blue Mountain Station
- Expanded Railex wine distribution center
- Established Salmon Recover Research Center
- Expanded Renewable Energy Systems Technology Training
- Expanded Vineyard Acreage, including the establishment of The Rocks District of Milton Freewater AVA (a sub-appellation within the Walla Walla Valley AVA)

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

Growth in family wage jobs

Growth in wages

Reduction of poverty

Increases in education attainment (population 22- 64 has attained at least an Associate Degree)

#### 5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the inception of your zone (i.e., jobs created, patents pending or received)?

- According to Community Attributes, the economic impact of the wine cluster is over \$300 million. WWCC intends to update its economic impact study in the upcoming months.
- Railex Wine Services LLC, is expanding its existing 500,000 SQFT Wine Services Distribution Center in Wallula, Washington with a Phase 2 expansion. Phase 2 is a 262,000 SQFT bonded wine storage and distribution warehouse. Railex Wine Services LLC will invest approximately \$10 million dollars to build and operate Phase 2, and the new distribution center is scheduled to be completed and opened in March 2017.

Roughly 1 million cases per 100K SQFT of Building – Capacity 7.5 million cases of wine. Value \$500 million.

- Walla Walla IPZ Accomplishments:

##### **Walla Walla IPZ Accomplishments**

- **Established Sea-Tech Skills Center on WWCC campus.**
- **Completed Blue Mountain Station.**
- **Expanded Railex as Wine Distribution Center.**
- **Established Salmon Recovery Research Center.**
- **Developed and Expanded Renewable Energy Systems Technology Training.**
- **Expanded Vineyard Acreage in the Walla Walla Appellation.**
- **Expanded IPZ Boundaries to Cover the Functional Economy of the Walla Walla Valley.**
- **Established Universal Health Care Training Program at WWCC.**

- Established a robotics/high tech manufacturing training program.
- Updated Wine Cluster Study annually to include skills-gap analysis.
- Initiated development of Renewable Energy Park.
- Provided ongoing development and support of Water Quality Lab.
- Successfully advocated for U.S. Highway 12 improvements.
- Supported the successful development of the Wine Cluster hospitality sector evidenced by Walla Walla's well regarded hosting of the Gentlemen of the Road Stopover and its audience of 23,000.

#### **Previous Accomplishments**

1. **Constructed, equipped and staffed the Enology and Viticulture Center**
  - a. Enhanced regional wine services by expanding ETS lab space.
  - b. Enhanced Enology and Viticulture Program by adding and equipping wine chemistry classroom.
  - c. Enhanced Enology and Viticulture Program by adding office space for additional staff.
  - d. Provided office space to serve as future headquarters for IPZ.
2. **Constructed, equipped and staffed the William Grant Water and Environmental Center**
  - a. Provided initial facility design funds for Center expansion.
  - b. Enhanced regional water analysis services by financing a water quality lab.
  - c. Advocated for capital funds at local, state, and national level to construct facility addition.
  - d. Administered Titus Creek Stream Restoration project; restoration of approximately 1,200 feet that flows through WWCC campus.
3. **Provided capital funds to enhance internet connections to and within the IPZ; installed fiber optic cable and provided broadband availability.**
4. **Made infrastructure improvements at Walla Walla Regional Airport including street maintenance, sewer and waterline extension and replacements, roof replacements, storm water improvements, ingress and egress improvements, and tenant improvements to Airport-owned buildings (ADA, etc.).**
5. **Focused attention on the importance of innovation and entrepreneurship as strategies to enhance economic development.**
6. **Helped educate economic developers and the public on new approaches to economic development.**
7. **Advocated for economic, environmental, and cultural sustainability.**
8. **Helped secure funds to support hospitality cluster study.**
9. **Helped put Walla Walla on the map as innovation "hot spot".**
10. **Promoted applied research and development for wine and water clusters. Efforts focused on salmon recovery, natural resource restoration, energy efficiency,**

renewable energy, reuse and remanufacturing of “otherwise” waste products, vineyard practices, and wine production and marketing practices.

11. Helped understand the potential of expanding the hospitality industry as a key economic strategy.
12. Strengthened partnerships with local manufacturers and other businesses to protect and create jobs.
13. Tracked job creation and patent generation in the IPZ.
14. Technology in the development and use of optical sorting technology. A case study was authored by two WWCC instructors, Timothy Donahue and Sabrina Lueck, and was printed in June 2014 issues of *Wine Business Monthly*.
15. In June 2014, WWCC and Whitman College co-hosted the annual meetings of the American Association of Wine Economists in Walla Walla. The meetings bring together world renowned academics and practitioners in the field of wine economics.
16. The Wine Country Culinary Institute revamped its curriculum and expanded to a year-round program.
17. The Institute has established a 4,000 square foot greenhouse, a Vermi (worm) Composting program – Now switching to aerated static piles, and expanded its culinary garden that will be used to teach students about sustainable food production practices and simultaneously supply locally grown product to the Institute’s culinary endeavors.
18. Students provide hot lunch to Assumption Elementary School three days per week, cooked for the Washington State Governor’s Inauguration Ball, and won third place in the “knowledge bowl” at the American Culinary Federation’s Western Regional Conference in April 2014.
19. WEC/WWCC staff work with multiple local partners to conduct an annual two-day environmental education event for area 5th grade students called *Make a Splash!*
20. WEC/WWCC staff work with CTUIR staff to conduct an annual community salmon festival called *Return to the River*.
21. WEC/WWCC has hired Earth Economics to assess the Economic and Social Impact of the WEC. The assessment will quantify the economic impacts of the WEC and its five co-locators. The results of that study will be forwarded as an addendum to this report.
22. The WEC is in the process of creating a new four-year Strategic Plan to prioritize needs for establishing new workforce education degree programs, public education and outreach initiatives, and parameters for establishing new research and education partnerships.
23. WEC/WWCC is establishing a new Precision Agriculture degree program.
24. WEC/WWCC has installed demonstrations of two scales of aerated static pile composting to serve as models to local farms, ranches and wineries of environmentally and economically beneficial approaches to organic waste

**management.**

- 25. The WEC is the site where UNIBEST International has been incubated since August 2012. UNIBEST International is an innovative firm that is developing new technologies to monitor and test water and soil.**
- 26. WEC/WWCC staff is working with the DOE to create the project sponsor commitments required to support a year-round Washington Conservation Corps (WCC) six-member work crew in the Walla Walla Basin.**
- 27. Conducted 2007 study of the Walla Walla Wine Cluster to determine the impact of that economic cluster of wine, hospitality and culture.**

**Talent, Investment and Entrepreneurship Initiatives Planned and In Progress**

**Table 1: Talent Initiatives**

<b>Initiative(s)</b>	<b>Responsible Organization(s)</b>	<b>Planned Outcomes</b>	<b>Investment (\$)</b>	<b>Time Frame</b>	<b>IPZ Role(s)</b>
<ul style="list-style-type: none"> <li>• <b>Universal Health Care Worker</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>School District 140</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>30 health care workers/year</b></li> <li>• <b>Support WW State Vets Home</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>TBD</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>2016</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Advocacy</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Expand baccalaureate degree opportunities for local residents</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Walla Walla Community College (WWCC)</b></li> <li>• <b>WGUWA</b></li> <li>• <b>WSU</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Pathway to BA degrees on line</b></li> <li>• <b>Expand 2+2 programs with WSU</b></li> <li>• <b>Applied B.A.S. at WWCC</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>TBD</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>TBD</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Advocacy</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Establish a robotics/ high tech manufacturing training program</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>WWCC</b></li> <li>• <b>Skills Center</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Increase the skill capabilities of manufacturing workforce</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>TBD</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Ongoing</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Advocate</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Renewable Energy Systems Training</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>WWCC</b></li> <li>• <b>Skills Center</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>15-20 wind energy techs/year</b></li> <li>• <b>Energy efficiency courses</b></li> <li>• <b>Solar energy competencies</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>\$6 million</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>9/2017</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Advocate</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Update Wine Cluster Study to include</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>WWCC</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Annual report to</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>\$1000/year</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Annual</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Advocate</b></li> </ul>

skills-gap analysis		show workforce and technical education training needs			
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**Table 2: Investment & Entrepreneurship Initiatives**

Initiative(s)	Responsible Organization(s)	Planned Outcomes	Investment (\$)	Time Frame	IPZ Role(s)
<ul style="list-style-type: none"> <li>Expand supply chain for alternative energy industry</li> </ul>	<ul style="list-style-type: none"> <li>Port of Walla Walla</li> </ul>	<ul style="list-style-type: none"> <li>Job Creation</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>Advocate</li> </ul>
<ul style="list-style-type: none"> <li>Sustain Salmon Recovery Research Center</li> </ul>	<ul style="list-style-type: none"> <li>Confederated Tribes of the Umatilla Indian Reservation</li> <li>WWCC</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced salmon runs in Walla Walla Watershed</li> <li>Job creation</li> <li>Fishing tourism</li> </ul>	<ul style="list-style-type: none"> <li>\$1.5 million - estimate</li> </ul>	<ul style="list-style-type: none"> <li>Complete facility August 2011</li> <li>Ongoing research efforts</li> </ul>	<ul style="list-style-type: none"> <li>Advocate</li> </ul>
<ul style="list-style-type: none"> <li>Continue expansion of vineyard acreage</li> </ul>	<ul style="list-style-type: none"> <li>Walla Walla Valley Wine Alliance</li> </ul>	<ul style="list-style-type: none"> <li>Create jobs</li> <li>Increase supply of WWAVA wine grapes by 1,000 acres</li> </ul>	<ul style="list-style-type: none"> <li>\$70,000,000</li> </ul>	<ul style="list-style-type: none"> <li>2020</li> </ul>	<ul style="list-style-type: none"> <li>Advocate</li> </ul>
<ul style="list-style-type: none"> <li>Establish the Rural SBDC/Center for Agricultural and Rural Entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>WWCC</li> <li>WSU</li> <li>Port of Walla Walla</li> <li>City of Walla Walla</li> <li>Walla Walla</li> </ul>	<ul style="list-style-type: none"> <li>Increase capacity of current and future small business owners</li> </ul>	<ul style="list-style-type: none"> <li>\$4 million estimate</li> </ul>	<ul style="list-style-type: none"> <li>2017-18</li> </ul>	<ul style="list-style-type: none"> <li>Advocate</li> </ul>

	Chamber of Commerce	<ul style="list-style-type: none"> <li>Establish precision agricultural programs</li> </ul>			
<ul style="list-style-type: none"> <li>Expand Blue Mountain Station</li> </ul>	<ul style="list-style-type: none"> <li>Port of Columbia</li> </ul>	<ul style="list-style-type: none"> <li>Attract small, artisan food producers</li> <li>Construct buildings</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>2015+</li> </ul>	<ul style="list-style-type: none"> <li>Advocate</li> </ul>
<ul style="list-style-type: none"> <li>Expand Wine and Hospitality Cluster via Performing Arts</li> </ul>	<ul style="list-style-type: none"> <li>Shakespeare Walla Walla</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>2015 - 2016</li> </ul>	<ul style="list-style-type: none"> <li>Advocate</li> </ul>

**Table 3: Infrastructure Initiatives**

Initiative(s)	Responsible Organization(s)	Planned Outcomes	Investment (\$)	Time Frame	IPZ Role(s)
<ul style="list-style-type: none"> <li>Design and build out Renewable Energy Park including batteries</li> </ul>	<ul style="list-style-type: none"> <li>Walla Walla Community College</li> <li>Select utilities</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>Advocate</li> </ul>
<ul style="list-style-type: none"> <li>Continued Support of Water Quality Lab</li> </ul>	<ul style="list-style-type: none"> <li>WWCC (lead)</li> <li>Walla Walla County</li> <li>City of Walla Walla</li> <li>UNIBEST Intl</li> </ul>	<ul style="list-style-type: none"> <li>Regional water quality testing and monitoring capability</li> <li>Teaching lab</li> <li>Public-Private Partnership</li> </ul>	<ul style="list-style-type: none"> <li>\$500,000 (secured)</li> <li>\$1 million in equipment and supplies</li> </ul>	<ul style="list-style-type: none"> <li>Functioning at Water Center since January 2012</li> </ul>	<ul style="list-style-type: none"> <li>Advocate</li> </ul>

<ul style="list-style-type: none"> <li>• Create Regional Library District</li> </ul>	<ul style="list-style-type: none"> <li>• City of Walla Walla</li> <li>• Rural Library District</li> <li>• WWCC</li> <li>• Dayton Library</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive networked regional system</li> <li>• Increased access</li> <li>• Increase efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• \$2.5 million</li> </ul>	<ul style="list-style-type: none"> <li>• TBD</li> </ul>	<ul style="list-style-type: none"> <li>• Advocate</li> <li>• Mediate</li> </ul>
<ul style="list-style-type: none"> <li>• US Highway 12</li> </ul>	<ul style="list-style-type: none"> <li>• Port of Walla Walla</li> <li>• City of Walla Walla</li> <li>• Walla Walla County</li> </ul>	<ul style="list-style-type: none"> <li>• Increase connectivity to Walla Walla</li> </ul>	<ul style="list-style-type: none"> <li>• \$200 million</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>• Advocate</li> </ul>
<ul style="list-style-type: none"> <li>• Construct additional production space buildings within the IPZ</li> </ul>	<ul style="list-style-type: none"> <li>• Port of Walla Walla</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of new family wage jobs</li> <li>• Job diversification</li> <li>• New regional tax base</li> </ul>	<ul style="list-style-type: none"> <li>• TBD</li> </ul>	<ul style="list-style-type: none"> <li>• TBD</li> </ul>	<ul style="list-style-type: none"> <li>• Advocate</li> </ul>

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

Funding Sources		FY 14	FY 15	Total
	Private	\$	\$	\$
City of WW and WWCC (in-kind staffing)	Local	Approximately \$10,000	Approximately \$10,000	Approximately \$20,000
	State			
	Federal			
Total Budget		\$10,000	\$10,000	\$20,000

## Willapa Harbor Resource

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

### **IPZ:**

Willapa Resource Utilization and Renewal

### **Partners:**

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

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

- To expand the natural resource based economy including aquaculture/seafood, forest products and agriculture including cannabis production.
- To protect and enhance sustainable natural productivity of resource lands.
- To develop new products from coastal resources.
- To grow human capital
- To develop the Willapa brand.

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

The Willapa IPZ has not received tax incentives or grants from the public sector.

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

- Sea Ranching: The Washington State Department of Fish and Wildlife completed an initial assessment of the feasibility of sea ranching chum salmon within Willapa Bay. The assessment identified a number of next steps, which we will continue to discuss with WDFW.
- We have launched, in partnership with Pacific County a countywide Overall Economic Development Strategy which includes a comprehensive inventory of natural resource, as well as other assets, business surveys, public meetings and working groups.
- We have formed a group called “Willapa Works” to promote business development. Willapa Works has hosted three forums targeting young entrepreneurs with a wide range of business interests. Four working groups have been created to maintain the momentum.

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

Performance measures include job creation, apprenticeships, new business startups, new products and increased productivity.

#### **5. What outcomes has the IPZ achieved since the last biennial report (2014) or since the**

- Other industries are continuing to develop new products including chitosan based medical products, nematode controlling organic fertilizers, smaller log utilization and sea water mineral extraction

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

We have received no funds for the IPZ.