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ENTERPRISES



Annual Report 2018 – 2019

THURSTON ECONOMIC DEVELOPMENT COUNCIL

Economic development councils are known by the numbers they report. In the last three years, Thurston County has experienced a 9.5 percent increase in jobs, representing 11,000 new jobs added. This includes 1,800 in construction, 1,300 in healthcare, 1,000 in accommodations and 900 in arts and recreation. These are tried and true economic development metrics that measure performance by our staff. For any region, these stack up as successful economic development efforts.

For this annual report, to you, our investors, we ask you to look beyond the numbers – don't forget about them, but look at the larger picture. We ask you to firmly grasp the notion that by adding one job to our community it multiplies across sectors and creates opportunities for our neighbors, families and friends. One new wage earner gives back to the community through non-profits with cash and time; it spurs new economic growth by adding fuel to our local economic engine and it solidifies the fabric of the overall health of the community.

The Thurston EDC is one of the leading economic development agencies in Washington State. We are home to two state-wide economic development programs. We've created an entrepreneurial environment in which business startup rates are on par with those throughout the state, developed an international program that has elevated our status as a region of choice for foreign direct investment and our business/retention programs are now being piloted throughout the state to assist those communities in becoming more resilient.

Since our founding in 1981, the Thurston EDC has continuously evolved to meet the needs of our community. We believe that by building a strong economy – one that is vibrant, dynamic and supportive of entrepreneurs, we will have a healthier Thurston County. This report to you, our investors, is our pledge that we will always be working to support a strong and prosperous South Sound region.

On behalf of our entire Board of Directors and professional team,

I wish you a most prosperous 2019.



Carrie Whisler

President of the Board of Directors



About Us

The Thurston Economic Development Council (EDC) is the state designated economic development agency for Thurston County. The resources and programs that we develop are designed to support the strategic diversification and sustainability of our local economy. We do this by:

- Connecting local businesses with experts and resources that help them remain competitive
- Create and deliver strategic messages that attract new investment into our community
- Work with community partners to build coalitions that enhance our collective prosperity
- Participate regionally to ensure that Thurston County increases its role and influence in the regional economy

Our Vision

That Thurston County has a prosperous economy that provides employment, cultural, educational, and investment opportunities that create a sustainable and vibrant community.

Our Mission

To create a dynamic and sustainable economy that supports the values of the people who live and work in Thurston County.



What is the Center for Business & Innovation?

Underneath the Thurston EDC sits the Center for Business & Innovation (CB&I). The CB&I is a separate non-profit entity created in partnership with South Puget Sound Community College and is dedicated to providing trainings, business coaching services and entrepreneurial support to businesses looking for a competitive edge. In addition to direct service offerings, the CB&I strengthens the entrepreneurial ecosystem throughout Thurston County through strong partnerships with community organizations that facilitate the creation of entrepreneurial initiatives.

Center for Business & Innovation



Above, Thurston EDC's Board of Directors. Back Row, Left to Right: Mark Steepy—KPFF Engineering, Reid Bates—Express Employment Professionals, Joe Downing – Port of Olympia, Tim Stokes – South Puget Sound Community College, John Hutchings – Thurston County Commission, Jessica Jensen – Jensen Milner/Cap City Law, Neil McClanahan – Tumwater City Council, Nathaniel Jones – Olympia City Council, Daryl Fournier – Heritage Bank, Roy Heynderickx – Saint Martin's University, Mark Turner – Capital Medical Center. **Front Row, Left to Right:** Michael Cade – Thurston EDC, Ann Freeman-Manzaneres – Intercity Transit, Carrie Whisler – Olympia Federal Savings Bank, Michael McGaully – Strader Hallett PS, Kelsey Hulse – PSE, Dan Jones – North America Talk, Rozanne Garman – RHD Enterprises. **Not Pictured:** Heather Burgess—Phillips Burgess PLLC, Perry Shea – SCJ Alliance, Brian Fluetsch – Sunset Air, Wayne Mannie – Columbia Bank, Bill McGregor – Port of Olympia, Evan Parker – Kidder Mathews, Tad Stillwell – City of Yelm, Lynda Zeman – City of Lacey.

2019 Board of Directors

Carrie Whisler, President
Olympia Federal Savings

Reid Bates
Express Employment Professionals

Jessica Jensen
Jensen Milner | Cap City Law PS

Jace Munson
FORMA Construction

Heather Burgess, President Elect
Phillips Burgess, PLLC

Brian Fluetsch
Sunset Air, Inc.

Dan Jones
NorthAmericaTalk

Evan Parker
Kidder Mathews

Perry Shea, Past President
SCJ Alliance

Ann Freeman-Manzaneres
Intercity Transit

Nathaniel Jones
Council Member, City of Olympia

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KPFF

Rozanne Garman, Secretary
RHD Enterprises

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Councilmember, City of Yelm

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Kelsey Hulse
Puget Sound Energy

Neil McClanahan
Council Member, City of Tumwater

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South Puget Sound Community College

Daryl Fortner, ex-officio member
Heritage Bank

John Hutchings
Commissioner, Thurston County

Bill McGregor
Commissioner, Port of Olympia

Mark Turner
Capital Medical Center

Lynda Zeman
Council Member, City of Lacey

2019 Center for Business & Innovation (CB&I) Board of Directors

Virgil Clarkson

Retired Mayor/Council Member, City of Lacey

Jessica Jensen

Jensen Milner | Cap City Law PS

Perry Shea

SCJ Alliance

Daryl Fournier, President

SVP, Heritage Bank

Grace Kendall

Owner, FASTSIGNS

Renee Sunde

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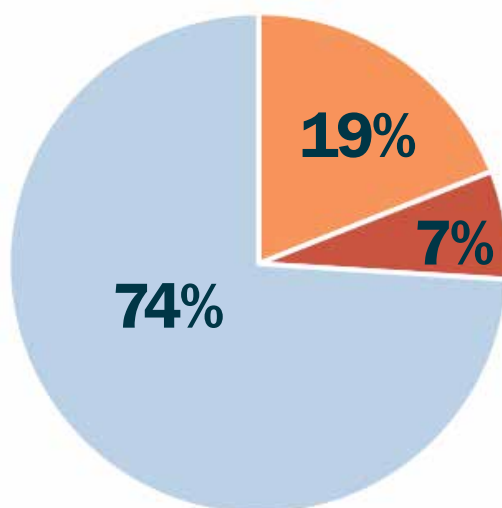
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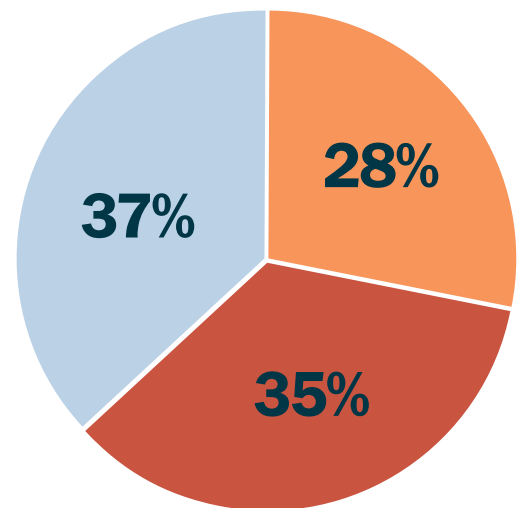
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FINANCIAL REPORT Total Income \$2,946,711

Income Sources



Expense Categories



Investment & Service Income Public Partnerships Grants & Contracts Recruitment Retain Expand

Our Economic Impact



As the state designated economic development agency for Thurston County, we take our mission to create a vibrant economy that serves the population of Thurston County seriously. That's why the Thurston EDC is continuously innovating to find new avenues to strengthen and diversify our local economy.

For this report, we've used the IMPLAN Input/Output model to quantify our total economic impact. IMPLAN is an industry standard tool used by academics, governments and economic developers nationwide to conduct economic impact assessments by simulating the supply-chain purchasing of economic activities.

Using our expertise in IMPLAN, we've quantified the total contribution of our activities upon the economy within Thurston County for the first time. Between April 2018 and April 2019, it is estimated that the Thurston Economic Development Council facilitated the creation or sustainment of 553 jobs, \$30.9 million in employee income and \$76 million in total economic production. Given the EDC's operating budget of \$2.9 million for the last year, we are able to calculate our economic multiplier – for every \$1 invested in EDC activities we returned \$25.80 to our local economy in Thurston County.

The majority of this impact comes from our successful past recruitment cases that have manifested into new economic opportunity this year. These cases include \$23 million in new construction in Lacey, WA by US HealthVest, and 125 new jobs added in warehouse distribution throughout Thurston County.

Our programmatic impacts are serious too. Combined, they've generated 165 new jobs and \$19.4 million in new economic production for Thurston County.

Note: This impact assessment does not include our long term strategic initiatives like STEDI or our partner organizations like SCORE and SBDC that co-locate in our offices. It includes only the impacts where the number of jobs or net increases in revenue were known. As such, it should be seen as a conservative estimate when quantifying the total economic contribution of the Thurston EDC to Thurston County.

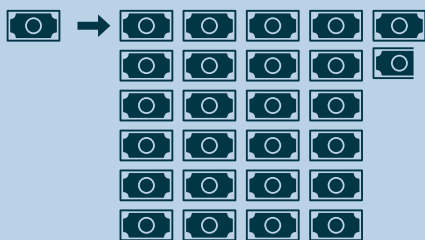
1,229

Businesses and individuals participated in trainings offered at the Thurston EDC.

708

Coaching & Advising Sessions

in Thurston County



\$1 → \$25.80

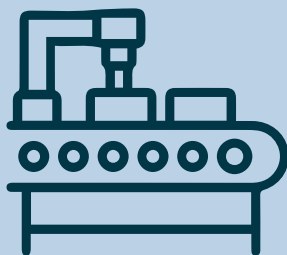
Every \$1 invested in EDC activities returns \$25.80 to the local economy.



Created and retained 553 jobs

553
JOBS

\$76
MILLION



\$76 million increase in economic production



\$30.9 million in new employee income

\$31
MILLION

NEW INITIATIVES



Opportunity Zone Investments (OZI)

This year, the Thurston EDC spun off a new initiative to help attract new capital investment into Thurston County via the opportunity zone program created in the Federal 2018 Tax Cuts and Jobs Act. This initiative was created to take advantage of new federal tax code that incentivizes investment into "Opportunity Zones" by deferring and decreasing capital gains taxes for equity investments. Opportunity Zones are economically distressed census tracts that have traditionally struggled to court capital investment.

Using the expertise of Founder and Managing Member, Kyle Wiese, OZI clients can take advantage of suite of services including fund management, compliance,

reporting services and a state of the art website that lists investment opportunities. At the same time, businesses located in the designated opportunity zones can recruit needed development, redevelopment and/or investment capital which infuses our region with new financial resources. See www.opportunityzoneinvestments.com for more information.

Outcomes

OZI has launched its investment listing platform to help connect opportunity funds with projects in opportunity zones and has held two events, one in Grays Harbor and one in Thurston County. They were attended by 70 individuals looking for clarity on the Opportunity Zone program.



Southwest Regional Trade Alliance (SRTA)

The Thurston EDC continues to build upon the network of international business development in which it has invested over the years. The EDC, in partnership with private sector leadership, has created a network of business developers in Shanghai, Beijing and Shenzhen, China. This network opens markets and opportunities for Thurston County's regional manufacturers, producers and processing operations.

Outcomes

SRTA and the EDC have led two trade missions this year through Asian markets and provide a lead agency role in international business development for Southwest Washington. Thurston County is now seen as a region of choice for new investment, trade and export opportunities.

PROGRAMS



Washington Procurement Technical Assistance Center (PTAC)

The Washington State Procurement Technical Assistance Center (PTAC) works to give businesses the opportunity to thrive in the government-contracting marketplace. Washington PTAC's mission is to increase the number of government contracts awarded to Washington firms so that those firms can grow. We provide no cost, confidential, one-on-one technical assistance in all aspects of selling to federal, state, and local governments. PTAC advises businesses on bid reviews, marketing assistance, contract performance, small business designations and more. PTAC hosts procurement training classes and seminars, and helps businesses register with the correct databases in order to compete for government contracts.

In addition to one-on-one technical advising, PTAC supports Alliance Northwest every year, the largest procurement event in Washington State. In March 2019, Alliance Northwest drew over 1,000 attendees from the public and private sector to facilitate business networking with government purchasers.

Outcomes

A full economic impact assessment was conducted for the Washington Procurement Technical Assistance Center by Thurston EDC staff. Due to the business counseling services and technical assistance provided by PTAC, businesses reported increased hiring and sales revenue for their businesses. Using the IMPLAN I/O and the most recent data set gives us a sense of the full supply-chain impact in Thurston County provided by PTAC.

\$1 → \$11.48

**For every \$1 invested in PTAC, it
returns \$11.48 to the local economy.**

138 Jobs

**PTAC activities created 138 jobs
in Thurston County.**

Washington Center for Women in Business (WCWB)

Partially funded through a cooperative agreement with the United States Small Business Administration, the WCWB is a program of the Center for Business & Innovation (CB&I) whose mission is to empower entrepreneurs to succeed in business by providing coaching, training, and technical assistance on a wide variety of topics. The WCWB offers entrepreneurial training programs, workshops, one-on-one counseling, coaching and special events to business owners in all stages of development. Using in-person, phone, and web-based delivery methods, the WCWB provides services throughout most of the State of Washington. The WCWB is able to serve clients in both English and Spanish.

\$1 → \$8.39

**For every \$1 invested in WCWB,
it returned \$8.39 to Thurston County.**

26 Jobs

**The WCWB created 26 jobs and \$948,875
in employee income in Thurston County.**



Thurston Investment Network (ThINk)

The Thurston Investment Network matches Thurston County investors with local businesses seeking capital. Not every business seeking capital is a match for traditional commercial lending, leaving a gap in access to capital that ThINk helps fill.

Thurston EDC staff will help prepare a business to receive investment through business planning and pitch preparation, then makes the business' opportunity available to the investor network through email or an in person

pitch. If there is interest from any number of investors, the investors and the business directly negotiate the terms of their deal.

Outcomes

- Increased the number of investors from 21 to 63 engaged investors looking for local opportunities.
- Facilitated the investment of \$150,000 into local businesses.

ScaleUp

ScaleUp is a comprehensive, three-part training series designed for businesses that want greater profitability and growth. The three classes are:

- **Business TuneUp** – A training program that provides the tools needed to increase operational efficiency, improve profitability and create long-term sustainable business.
- **Build Your Market** – A class that provides you with a strategic approach for strengthening your product or service, developing a competitive advantage and designing a market strategy.
- **Financial Mastery** – Designed to help build the financial skills necessary to make better business decisions. Learn how to read and understand your financial statements, construct a budget and manage cash flow.

Outcomes

- 213 local businesses completed a ScaleUp class between April 2018 and April 2019

South Thurston Economic Development Initiative (STEDI)

STEDI is a consortium focused on long-range economic and community development in south Thurston County to engage the collective strengths and resources of Bucoda, Grand Mound, Rainier, Rochester, Tenino and Yelm. Strategic community partners participating in STEDI include:

- | | |
|----------------------------------|--------------------------------------|
| • Experience Olympia and Beyond | • Thurston Regional Planning Council |
| • Port of Olympia | • Washington State University |
| • Thurston County Government | • Thurston County Extension |
| • Thurston Conservation District | |

STEDI helps support community leaders to better understand best practices in community and economic development and to improve the quality of life in rural communities by retaining, expanding and recruiting new business.

Outcomes

- We Love Rainier Washington team was launched in May 2018 and facilitates two monthly team meetings to develop new goals and projects. A new beautification committee was developed and has planted beautiful new flowers this spring.
- The Bucoda and STEDI staff developed the “Boo-Coda Spook-Tacular Festival” for the months of September and October in 2018. The festival earned media coverage worth \$100,000 from The Seattle Times, The Olympian, The News Tribune and a 2 minute segment on the King 5 Evening News
- STEDI staff supported, and continues to support, the City of Tenino in the development and implementation of a Creative Arts District in Tenino.

Economic Research

In the last year we have continued our commitment to providing high quality economic research and analysis for our local businesses and partners. Thanks to increased investment in research services, the Thurston EDC is now able to offer economic impact analysis using the IMPLAN Input/Output model in addition to occupation and industry analysis. This investment in IMPLAN allows us to measure how a given economic event cascades through our regional supply-chain and to what extent that event creates new jobs, production output and additional tax revenues throughout Thurston County.

The Economic Impact of The Evergreen State College

Using the IMPLAN I/O model, we estimated the total economic impact of The Evergreen State College on Thurston County to be 1,637 jobs, \$201.7m in economic production and \$11.6m in additional state and local tax revenues. In total, this economic contribution represented a \$4.68 return to the economy in Thurston County for every \$1 in State investment. See the full study at www.thurstonedc.com/evergreenimpact.

“Thurston EDC’s research capabilities made them a strong choice when Evergreen needed some data-driven analysis of the college’s economic impact on the region. Their advice throughout the production of our 2018 Economic Impact Report helped us capture and present the enormous positive effect of Evergreen throughout the state’s economy.”

*- Sandra Kaiser, The Evergreen State College
Vice President for College Relations*

Washington State Department of Commerce Study on The Impact of Rural Procurement

In Winter of 2018 the Thurston EDC, in partnership with our regional academic institutions, produced a report for the Department of Commerce detailing the impact, difficulties and opportunities for local businesses competing for government contracts in rural communities. This project was completed in coordination with our academic partners Dr. Riley Moore (Saint Martin’s University), Dr. Lachezar Anguelov (The Evergreen State College), Dr. Melissa Nivala (The Evergreen State College) and Dr. Eric Trevan (The Evergreen State College). This report was provided to the Washington State Legislature.

SPECIAL PROJECTS

Oly Biz Works

We've partnered with the Olympia Downtown Alliance and the City of Olympia to provide additional outreach and advising to the businesses within downtown Olympia. To support these activities the Alliance brought on an intern, Domenica Clark, to reach out to businesses. In total, Domenica has made contact with about 70 businesses in the downtown core.

Lacey Makerspace

Located at Zaverl Hall at Saint Martin's University, the Lacey Makerspace will contain 4,000 sq. ft. of equipment and tools (many of them computer driven) dedicated to primarily woodworking and metal crafting. Members will be able to prototype new products, gain skills and experience and complete projects with access to advanced tools.

Southwest Washington Regional Agricultural Business & Innovation Park

This initiative will establish a business park focused on value-added, food-related manufacturing, processing, storage and packaging within the City of Tenino on a 16 acre parcel located next to the Tenino wastewater treatment plant. Infrastructure construction is slated to begin summer 2019 and is projected to be open for business by the end of 2020.

Naturally Located

An initiative to identify and market natural product manufacturers in the region and brand Thurston County as a NW hub for natural product manufacturing. This initiative has seen positive feedback from the community, partners and stakeholders across Thurston County.

Innovative Partnership Zone – Craft Brewing & Distilling

The Thurston EDC helps to promote and increase unique economic activity in Thurston County. The Craft Brewing & Distilling partnership between the EDC, The City of Tumwater, SPSCC and other municipalities have coordinated efforts around three critical elements: sector input, education/ R&D and workforce development. Today, ground has been broken at the Craft Brewing and Distilling Center located in Tumwater on Capitol Way. This center will ultimately house brewers, distillers, retail and community gathering space.

Pac 5 Regional Economic Partnership

A partnership amongst the Pacific Mountain region's economic development agencies to promote and increase investment and economic vitality on a regional basis. Recently, this group has begun work to recalibrate our regional industry cluster analysis in partnership with The Pacific Mountain Workforce Development Council to provide a more localized basis for analysis.

SUPPORTED PROGRAMS



In addition to administering our own programs, the Thurston EDC helps facilitate additional programming by providing space and collaboration between organizations. The inclusion of the SCORE and the Small Business Development Center (SBDC) makes the Thurston EDC one of the highest concentrations of business technical support services under one roof within Washington State.



Thurston Asset Building Coalition (TABC)

The Thurston Asset Building Coalition is a network of social service providers, healthcare agencies, financial institutions, community and economic developers, businesses, government agencies, educators and workforce coalitions dedicated to serving populations with limited incomes. TABC defines asset building as the strategies and support that broaden and stabilize an individual; whether it be income, savings, housing, healthcare, education or food. In the last year, together with partner organizations, the TABC served 2,459 families and individuals in Thurston County with free tax preparation. This represented a return of \$2,466,134 in refunds and \$383,233 in Earned Income Tax Credits.



SCORE

The Thurston EDC is proud to host our local chapter of SCORE, the nation's largest network of volunteer, expert business mentors. SCORE is dedicated to helping small businesses get off the ground, grow and achieve their goals. In the last year, SCORE counselors at the Thurston EDC office provided 121 coaching sessions to businesses seeking coaching.



Small Business Development Center (SBDC)

The Thurston EDC is proud to be co-located with the Small Business Development Center. SBDC represents America's most comprehensive small business network. SBDC is hosted by leading universities, colleges and economic development agencies. Small business owners and aspiring entrepreneurs can go to their local SBDC for free face-to-face business consulting and at-cost trainings. Our local SBDC chapter reports an additional 70 jobs created and an increase of \$6,567,030 in new revenue due to coaching activities in 2018.

BOARDS & COMMITTEES

Beyond simple economic development, The Thurston EDC has made a lasting commitment to our local community by serving as trusted advisors and contributors to boards, committees and working groups throughout Thurston County. We are proud to support and facilitate the important work of agencies willing to take on the pressing challenges that our local community faces daily. Through this process the EDC has invested significant staff time and resources to ensure that we are living up to our mission to create a sustainable and thriving community for Thurston residents to live. Below is a list of the boards, advisory groups and committees on which EDC staff served in the last year.

- **Association of Procurement Technical Assistance Centers**
- **Boo-Coda Spook-Tacular Leadership Team**
- **Capital Lakefair Capitalarians**
- **City of Olympia ARCH Resource Committee**
- **Community Foundation of South Puget Sound Resource Development Committee**
- **Experience Olympia & Beyond Board of Directors**
- **Experience Olympia & Beyond Sports Commission Advisory Committee**
- **Foreign Trade Zone #216 Advisory Committee**
- **Intercity Transit Short and Long Range Plan Steering Committee**
- **Lacey Makerspace Board of Directors**
- **Morningside Board of Directors**
- **Morningside's Coastal Business Services Group**
- **Olympia Art Space Alliance Board**
- **Olympia Downtown Alliance Board of Directors**
- **Olympia Downtown Alliance Economic Vitality Committee**
- **Olympia World Affairs Council Board of Directors**
- **Pacific Mountain Workforce Development Council**
- **Port of Olympia Vision 2050 Task Force**
- **Saint Martin's International Program's Advisory Committee**
- **Saint Martin's School of Business Advisory Board**
- **South Puget Sound Community College's Worker Retraining Advisory Committee**
- **South Puget Sound Community Foundation's Growth and Innovation Fund**
- **Spaceworks Tacoma**
- **Tenino Creative District Mayor Taskforce**
- **The Olympian's 2019 Board of Contributors**
- **Thurston Chamber of Commerce Board of Trustees**
- **Thurston County AgTourism Committee**
- **Thurston County Shared Legislative Partnership**
- **Thurston Economic Alliance**
- **Thurston Regional Planning Council Board of Directors**
- **Thurston Regional Planning Council's I-5 Corridor Technical Advisory Committee**
- **Thurston Thrives Advisory Workgroup**
- **Washington Economic Development Association (WEDA) Board of Directors**
- **Washington Festival and Events Board of Directors**
- **Washington Military Alliance**
- **Washington Military Transition Council's Business Resource Group**
- **Washington State Childcare Advisory Task Force**
- **Washington State Department of Enterprise Services Business Diversity Advisory Group**
- **WEDA Legislative Committee**
- **Tenino Façade Improvement Grant Committee**

Thurston EDC Board of Directors



Congratulations, Thurston County, on a great 2018! Here's to a prosperous 2019!

Presented By



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