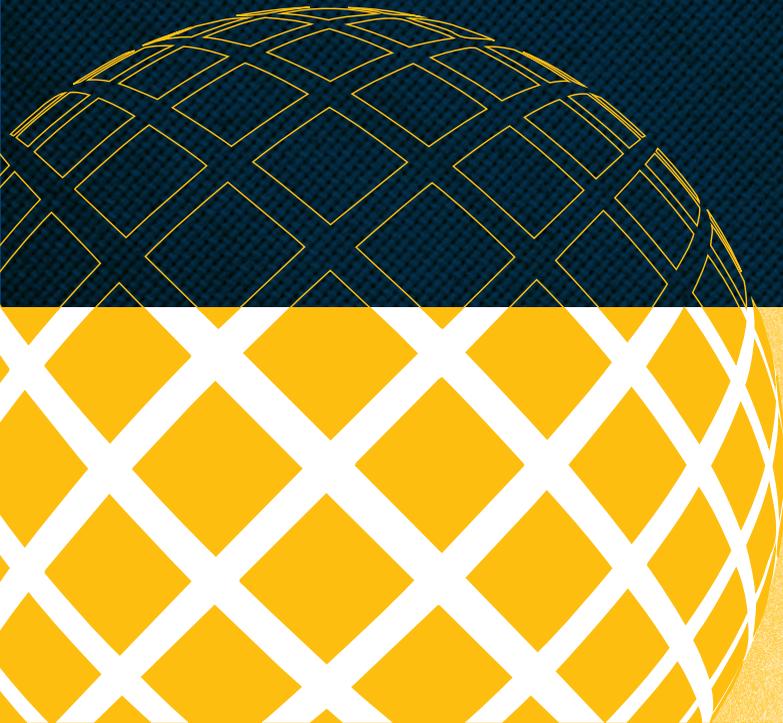


2015 ANNUAL REPORT

ECONOMIC DEVELOPMENT BOARD
FOR TACOMA-PIERCE COUNTY



SPONSORED BY

MultiCare 
BetterConnected

Columbia
 **Bank**

2015 EDB INVESTORS

TOP PRIVATE

Bank of America
Columbia Bank
DaVita
CHI Franciscan Health
Heritage Bank
Ilahie Holdings
KeyBank
Milgard
MultiCare Health System
Puget Sound Energy
Regence
Simpson
The News Tribune
Umpqua Bank
U.S. Bank
Wells Fargo
Weyerhaeuser

PUBLIC

Bates Technical College
City of Auburn
City of DuPont
City of Fife
City of Gig Harbor
City of Lakewood
City of Puyallup
City of Sumner
City of Tacoma
City of University Place
Clover Park Technical
College
Pierce College
Pierce County
Port of Tacoma
Sound Transit

State of Washington
Tacoma Community College
Tacoma Public Utilities
UWT-Institute of Technology

PRIVATE

Absher Construction
AHBL
Architects Rasmussen
Triebelhorn
BCRA
Boeing
BPCI
Broadway Center for the
Performing Arts
Brown & Brown of Washington
Bruce Titus Automotive Group
Burkhart Dental Supply
Burnham Construction
Business Examiner
Business Interiors Northwest
CalPortland
Concrete Technology
Eisenhower & Carlson
First Citizens Bank
GLY Construction
Gordon Thomas Honeywell
Green Mountain Coffee
Roasters
Green Roots
Group Health
Harborstone Credit Union
JayRay Ads + PR
Jesse Engineering
Kidder Mathews
Korsmo Construction
Korum Automotive Group

Merit Company
Moss Adams
Murray Pacific
Neil Walter Company
Newland Communities
Oak Harbor Freight Lines
Pacific Lutheran University
Patriot Fire Protection
Pease Construction
Point Ruston
Propel Insurance
Rainier Connect
Ronald E. Thompson
Rusty George Creative
SAFE Boats
SeaTac Packaging Mfg.
Selden's Home Furnishings
Shaub-Ellison Co.
Simon Johnson
Sitts & Hill Engineers
Smith Fire Systems
Sound Credit Union
Tacoma Screw
Targa Sound Terminal
Totem Ocean Trailer
Express
TrueBlue
Tucci & Sons
University of Puget Sound
U.S. Oil & Refining
Wade Perrow Construction



**ECONOMIC DEVELOPMENT BOARD
FOR TACOMA-PIERCE COUNTY**

Why We Do What We Do

The EDB is in the job and wealth creation business. The more high-wage jobs and wealth-creating companies in Tacoma-Pierce County, the better the quality of life and the greater the job and career opportunities for our citizens.

Retaining and recruiting primary businesses is how we compete every day.

Primary businesses export a product or service out of Tacoma-Pierce County **and import new dollars** into the local economy, thereby "growing the wealth pie." That wealth energizes the local community through employee wages and purchases from suppliers who employ additional people.

Primary businesses typically pay higher wages than other businesses because higher value goods and services are produced. In short, primary businesses are the fundamental building blocks of high-wage job creation.

The competition is fierce. Tacoma-Pierce County faces regional, national and global competition to keep its existing firms, as well as recruit new firms to the Tacoma-Pierce County market.

THE LAST FIVE YEARS: 2011–2015

Because most deals take well over a year to conclude, the EDB measures its results in five-year increments. The EDB's \$95:1 return on its investors' dollars from 2011–2015 is indicative of the strength of its recruitment and retention programs.

JOBS RECRUITED AND RETAINED



WAGES AND SALARIES GENERATED



PRIVATE CAPITAL INVESTMENT



INDUSTRIAL REVENUE BOND FINANCING



EDB REVENUE



Trends in 2015

GLOBAL INTEREST

The EDB has seen a notable increase in international inquiries. Active cases include companies based in **Europe, China, Japan, Korea and India**. Foreign Direct Investment brings new jobs, private capital, innovations and technologies to Tacoma-Pierce County.

WORKFORCE

Companies remain focused on availability and cost of a **qualified workforce**—a balancing act that allows the company to be profitable and competitive and to provide fair wages and benefits to attract and retain the best workers.

TURN-KEY PREFERRED

Recruitment targets are showing a preference for existing buildings or **shovel-ready** sites with utilities and infrastructure in place.

CERTAINTY IN PERMITTING

Executives are requiring predictable permit timelines and costs.

PREDICTABILITY

Companies working with tight margins need to minimize upfront costs. Significant differences in initial development costs of competing sites can remove optimal sites from consideration. The EDB works closely with property owners, developers and permitting agencies to minimize these costs.

At the end of 2015, the EDB had **16 active recruitment cases** in the pipeline representing over **2,000 potential new jobs** in technology, specialty manufacturing, energy efficiency, services, precision components, storage and distribution. EDB continues to work directly with companies, their consultants, and our partners to provide the

insight and information businesses need to make their expansion or location decisions. Companies sometimes evaluate expansion options for many months—or even years—before committing to a project.

Fifteen other recruitment cases were closed

during the year. These projects did not get traction for a variety of reasons—they located elsewhere or delayed or cancelled their plans. Location decisions are based on a variety of factors: transportation, workforce, taxes, business climate, and incentives.

The EDB works directly with businesses, consultants, site selectors and other decision makers to provide insight and information on demographics, tax structure and incentives, education and training, connections with the labor market and hiring, utilities, transportation, identifying and touring facilities, cost of living, housing, cultural and recreational amenities, and contact with local authorities. Factors influencing site decisions vary broadly—even within industries—and EDB's assistance is customized and tailored to the specific client's needs and interests.

The EDB teams with property developers and real estate brokers, the Port of Tacoma, Tacoma Public Utilities, Puget Sound Energy, education and training resources, elected officials and staff from cities and unincorporated Pierce County, Washington State Department of Commerce and others on recruitment efforts. Our professional partners' responsiveness and proven ability to deliver are critical components of successful recruitment.

Recruitment Projects

GKN AEROSPACE

The British multinational corporation completed facility upgrades and opened its Sumner plant where workers **assemble and paint winglets for the Boeing 737 MAX**. This project brings a \$10 million capital investment and will employ 60 workers.

PROJECT FROSTY

Substantial activity has supported this **warehouse/cold storage facility**, a critical service provider in the aerospace sector. Beginning in 2013, the EDB and others have been active partners with the key client and their contracted project team. Major progress occurred in 2015 with extensive research and thoughtful deliberation expected to result in an announcement in early 2016.

PROJECT HEARTLAND

Many partners have been instrumental in helping this project move forward. This energy-efficient automated cold storage facility will be the **first U.S. project of a leading European cold chain company** with plans for further expansion in the U.S. Benefits include significant capital investment, improved food chain safety, and well-paying jobs with benefits. A formal announcement is anticipated early 2016.

PROJECT BUCKWHEAT

A **food processor** is working on equipment design and pre-permitting activities for a production facility here. Extensive planning assistance, contact referrals, process insight and support has been provided by EDB and partners.

UNIVERSITY OF WASHINGTON TACOMA SCHOOL OF LAW

The EDB continued its partnership with the Tacoma Law Foundation and the University of Washington to launch a J.D. program at the University of Washington Tacoma. The big news in 2015 was the decision by the UW President to support the

creation of a **stand-alone law school on the UWT campus**. This is a welcome switch from the original plan to have the law school be a branch of the UW Law School in Seattle with classes split between the two cities. New UWT Law students will be able to receive their entire education on the UWT campus. The doors should open in the fall of 2017.

TRADE SHOWS

Industry trade shows and conferences provide the opportunity to network with a targeted audience of companies and to discuss the benefits of doing business in this area. In 2015, EDB partnered with the Washington State Department of Commerce and other economic development agencies in the state to sponsor and exhibit at two aerospace events: the **Pacific Northwest Aerospace Alliance** annual conference and the **Aircraft Interiors Expo**. We provided attendees with key economic data as well as insight into cultural and recreational amenities and available land and sites for potential operations here.

THE 115TH U.S. OPEN GOLF CHAMPIONSHIP AT CHAMBERS BAY

The vision of former County Executive John Ladenburg and the leadership of current County Executive Pat McCarthy allowed Pierce County to welcome the world to Chambers Bay for the **first U.S. Open Championship to be held in the Pacific Northwest**. The warm reception paid off. The tournament, one of golf's four majors, generated \$134 million including \$16.8 million in tax revenues. The EDB partnered with the City of University Place (Host City for the U.S. Open), the City of Tacoma, Milgard Manufacturing, U.S. Bank and The News Tribune to sponsor a Corporate Suite at the Open. The suite provided hospitality to more than 200 guests throughout the week, including businesses being recruited by the EDB and current primary employers in Pierce County.

BUSINESS RETENTION AND EXPANSION

RAINIER WOODWORKING

The EDB started working with the **high-end residential cabinet manufacturer** in 2014. Based in Tacoma, Rainier Woodworking had outgrown their facility. By mid-2015, the EDB had coordinated with the **City of Tacoma** and **Tacoma Public Utilities** on permits and energy efficiency incentives for Rainier Woodworking's new facility. The EDB also connected Rainier Woodworking with **Bates Technical College**, resulting in an agreement to use the college's spray booth space for temporary production during the move to a new facility. That allowed the company to keep up production levels during the transition. The new facility provides a better workflow, showroom space and access to transportation. **43 jobs were retained.**

EVERGREEN FIRE AND SECURITY

This Tacoma-based, nationally renowned firm produces **military and defense security systems** and building efficiency technology. The EDB worked with EFS on a plan to purchase a new building to accommodate their considerable growth plan after securing significant new contracts. EFS chose a building in South Tacoma, and the EDB worked with the City of Tacoma and the Grow Tacoma Fund to finance the purchase of the building and tenant improvements, for an **estimated capital investment of \$1.7 million** and **retention of 76 jobs**. The EDB also worked with Tacoma Public Utilities to provide energy efficiency resources as well as WorkForce Central to present a hiring and recruitment plan for EFS. The new building will be able to accommodate additional workforce growth and provide better access to Joint Base Lewis-McChord, where several employees are stationed.

The EDB's **Business Retention and Expansion (BRE) program** directly engages local companies that are most involved in growing, strengthening and diversifying the Pierce County economy.

Because approximately 80 percent of new jobs are generated by existing businesses, the BRE program is a significant priority in the EDB's work plan. The BRE program is focused on **primary industry firms** that are responsible for selling Pierce County products and services to customers beyond our borders.

The EDB's **BRE program met with 130 Pierce County companies**. Those companies represent approximately **22,737 jobs**. Participating companies received, in total, **304 different referrals** offering assistance in meeting challenges related to workforce, financing, permitting, federal bidding and contracting, energy assistance, tax credits, lean manufacturing, relocation assistance, exporting, and more. In addition, the EDB conducted dozens of additional meetings to provide follow-up service and to discuss specific business and community development proposals.

A wide array of **products and services** are produced by the businesses the EDB met with including (but not limited to): financial and professional services, advanced materials manufacturing including aerospace and maritime manufacturing, environmental consulting, metal fabrication, construction, information technology, logistics and trade, and health services.

In most cases, the companies the EDB contacted needed some sort of **assistance that will affect their bottom line**. Consistently, the BRE visits exposed firms to opportunities to save money and be more competitive. The visits establish or invigorate a long-term relationship that will provide an early warning if and when a company needs extra assistance.

The EDB continued to strategically partner with several municipalities, including the **cities of Tacoma, Gig Harbor, Lakewood, Fife, Sumner, Puyallup, DuPont, University Place and Auburn**

as well as the Port of Tacoma, Pierce County, Tacoma Public Utilities and Puget Sound Energy on targeted outreach to business retention and expansion clients all over Pierce County, focusing on the largest primary employers.

The BRE program is successful in reaching primary firms for two reasons: access to the CEOs, presidents and general managers of client firms, and **great partnerships** with local jurisdictions and referring agencies.

EDB PARTNERS—ESSENTIAL TO BUSINESS RECRUITMENT AND RETENTION SUCCESS ACROSS THE SOUTH SOUND

City of Auburn, City of DuPont, City of Fife, City of Gig Harbor, City of Lakewood, City of Milton, City of Puyallup, City of Sumner, City of Tacoma, City of University Place, Town of Steilacoom, Pierce County, Port of Tacoma, Tacoma Public Utilities, Puget Sound Energy, WorkForce Central-Business Services, Pierce Transit, Sound Transit, community and technical colleges, public and private universities, state of Washington, Tacoma-Pierce County Chamber, other Chambers, World Trade Center Tacoma, Small Business Development Center, Small Business Administration, the offices of Congressmen Derek Kilmer, Denny Heck, Dave Reichert and Adam Smith, and the offices of Senators Patty Murray and Maria Cantwell.

CLUSTER ACCELERATION

In addition to its day-to-day recruitment and retention case work, the EDB focuses on the four key clusters of **Aerospace, Health Services, Logistics & International Trade, and Cybersecurity**. These are long-range plays. For each cluster the EDB has recruited a team of local leaders to develop and implement growth strategies. The teams have had varying levels of success. In 2016 the teams will be reconstituted, with additional C-Level leadership.

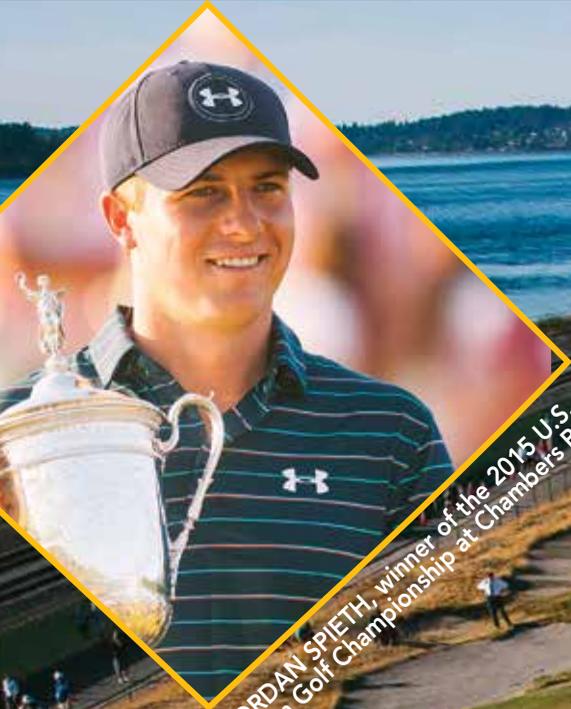
INDUSTRIAL DEVELOPMENT REVENUE BOND FINANCING

The EDB staffs the public corporation (Economic Development Corporation of Pierce County) that is authorized to issue tax-exempt industrial development revenue bonds in the county. This **below-market rate financing** is an incentive tool available to manufacturers and processors. The EDCPC has issued more than \$307 million in financing for more than **40 Pierce County projects during the last 30 years**, helping businesses create or retain nearly **7,300 jobs**.

SHINING OCEAN, INC.

In 2015, the EDCPC issued a **\$8,210,000 bond** on behalf of **Shining Ocean, Inc.**, a Sumner company that manufactures and sells surimi products and is one of the largest suppliers of surimi seafood to sushi restaurants in the United States. This bond allowed Shining Ocean to refinance existing bonds issued in 2002, pay for improvements to production capacity, and to acquire new machinery and equipment. **160 jobs were retained**.

THE CITIZENS OF PIERCE COUNTY HOSTED THE U.S. OPEN.....



JORDAN SPIETH, winner of the 2015 U.S. Open Golf Championship at Chambers Bay



The Largest Sporting Event in the History of the Pacific Northwest



In the News

The EDB's Teamwork newsletter was distributed electronically and by U.S. mail to **2,800 local, national and international leaders** each month.

Thirteen "good news" stories about Tacoma-Pierce County's economic development climate were placed in trade and mainstream publications, among them **Alaska Air Horizon Magazine** and **Seattle Business Magazine**. These media placements are a partnership between the EDB, Pierce County and the City of Tacoma.

One Investor Briefing was held during the year, at the Port of Tacoma.

The EDB made **presentations** to a variety of organizations including Port of Tacoma, Pierce County Council, Tacoma Public Utilities, Northwest Innovation Works, City of Sumner, City of Tacoma, City of Lakewood, City of Fife, visiting cybersecurity delegation from Spain, Washington Economic Development Association, Joint Municipal Action Committee, the Northwest Seaport Alliance, University of Washington Tacoma's Urban Studies Forum, South County Chamber, Puget Sound Energy, Pacific Lutheran University, Tacoma-Pierce County Chamber, Network for Business Innovation and Sustainability, and U.S. Bank.

The EDB is a principal funder of **RAMP** (Regional Access Mobility Partnership), a county-wide coalition including business, labor, public and private organizations and citizens dedicated to improved freight and passenger mobility in the South Sound and Washington State. The passage

of a major state transportation package in 2015 that included the completion of SR-167 and other South Sound projects was a key victory for RAMP and its allies. The Port of Tacoma and the Tacoma-Pierce County Chamber deserve high praise for their leadership in delivering this package. And, most importantly, the Pierce County legislators who supported the transportation bill showed tremendous leadership and foresight.

What's Next

As the EDB continued its regular work in 2015, it began to look ahead: How will Pierce County become the most attractive location in the Pacific Northwest for business investment and job creation in the next 25 years? To answer that question, dozens of board members, investors and community leaders helped the EDB craft its work plan for 2016-2020: **Compete Every Day Forever**.

By the end of 2020, the EDB plans to have worked with its partners to:

- Enable the creation of 3,220 direct jobs at or above the average county wage
- Attract \$400 million in private capital investment
- Recruit, retain or help to expand 35 companies

The EDB has raised 96.5 percent of its \$6.3 million goal to fund the organization for the next five years. Most of the EDB's investors renewed their commitments, several increased their contributions, and **14 new investors** joined the team.

December 31, 2015

STATEMENT OF FINANCIAL POSITION

| ASSETS | UNRESTRICTED | TEMPORARILY RESTRICTED | TOTAL |
|---|---------------------|---------------------------|---------------------|
| Cash and cash equivalents | \$ 1,325,896 | \$ – | \$ 1,325,896 |
| Certificates of deposit | 599,371 | – | 599,371 |
| Accounts receivable – government contracts | 150,190 | – | 150,190 |
| Accounts receivable – related party | 6,032 | – | 6,032 |
| Contributions receivable, net | – | 47,792 | 47,792 |
| Accounts receivable – other | 1,000 | – | 1,000 |
| Prepaid expense | 4,034 | – | 4,034 |
| Office furniture and equipment, at cost, net of accumulated depreciation | 16,337 | – | 16,337 |
| Total assets | <u>\$ 2,102,860</u> | <u>\$ 47,792</u> | <u>\$ 2,150,652</u> |
| | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 14,929 | \$ – | \$ 14,929 |
| Accrued liabilities | 61,794 | – | 61,794 |
| Total liabilities | <u>76,723</u> | <u>–</u> | <u>76,723</u> |
| | | | |
| NET ASSETS | | | |
| Unrestricted | 2,026,137 | – | 2,026,137 |
| Temporarily restricted | – | 47,792 | 47,792 |
| Total net assets | <u>2,026,137</u> | <u>47,792</u> | <u>2,073,929</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,102,860</u> | <u>\$ 47,792</u> | <u>\$ 2,150,652</u> |

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2015

| SUPPORT AND REVENUE | UNRESTRICTED | TEMPORARILY RESTRICTED | TOTAL |
|---------------------------------------|---------------------|---------------------------|---------------------|
| Service revenue | \$ 629,171 | \$ – | \$ 629,171 |
| Contributions | – | 14,366 | 14,366 |
| In-kind contributions | 19,210 | – | 19,210 |
| Net assets released from restrictions | 360,336 | (360,336) | – |
| Total revenue and other support | <u>1,008,717</u> | <u>(345,970)</u> | <u>662,747</u> |
| EXPENSES | | | |
| Personnel | 662,829 | – | 662,829 |
| Campaign | 317,449 | – | 317,449 |
| Marketing costs | 214,363 | – | 214,363 |
| General and administrative | 112,276 | – | 112,276 |
| Rent | 46,607 | – | 46,607 |
| Total expenses | <u>1,353,524</u> | <u>–</u> | <u>1,353,524</u> |
| OTHER INCOME | | | |
| Annual meeting and events | 100,490 | – | 100,490 |
| Interest income | 2,699 | – | 2,699 |
| Other income | 1,500 | – | 1,500 |
| Total other income | <u>104,689</u> | <u>–</u> | <u>104,689</u> |
| CHANGE IN NET ASSETS | (240,118) | (345,970) | (586,088) |
| NET ASSETS, beginning of year | <u>2,266,255</u> | <u>393,762</u> | <u>2,660,017</u> |
| NET ASSETS, end of year | <u>\$ 2,026,137</u> | <u>\$ 47,792</u> | <u>\$ 2,073,929</u> |

STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|------------------|
| Change in net assets | \$ (586,088) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | |
| Provision for allowance and discounts of contributions receivable | (36,966) |
| Depreciation | 7,083 |
| Change in assets and liabilities | |
| Accounts receivable – government contracts | (45,815) |
| Contributions receivable | 382,935 |
| Prepaid expenses | 675 |
| Accounts payable | 12,197 |
| Accrued expenses | 24,466 |
| Net cash from operating activities | <u>(241,513)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|---------------------|
| Purchase of fixed assets | (2,342) |
| Certificates of deposit redeemed | (684) |
| Net cash from investing activities | <u>(3,026)</u> |
| DECREASE IN CASH AND CASH EQUIVALENTS | (244,539) |
| CASH AND CASH EQUIVALENTS, January 1, 2015 | <u>1,570,435</u> |
| CASH AND CASH EQUIVALENTS, December 31, 2015 | <u>\$ 1,325,896</u> |

2015 EXECUTIVE COMMITTEE



CHAIR
Troy Goodman
Targa Sound Terminal



VICE CHAIR
Bev Losey
Brown & Brown
of Washington, Inc.

EDB Staff

Bruce Kendall
President & CEO

Susan Suess
Senior Vice President

Chris Green
Vice President

Kathleen Cooper
Communications Manager

Deborah Kelly
Office Manager

Rebecca Ray
Accountant

Dan Grisham
WorkForce Central Business Services



**IMMEDIATE
PAST CHAIR**
Jeff Lyon
Kidder Mathews



Nigel English
Heritage Bank



William Holt
Gordon Thomas
Honeywell



Pat McCarthy
Pierce County



Kari Scott
Wells Fargo



**Marilyn
Strickland**
City of Tacoma



John Wolfe
Port of Tacoma

2015 BOARD OF DIRECTORS

Thomas Absher
Absher Construction

John Arbini
Emeritus

Greg Biersack
Burkhart Dental Supply

T.C. Broadnax
City of Tacoma

John Caulfield
City of Lakewood

Nigel English
Heritage Bank

William Gaines
Tacoma Public Utilities

Rusty George
Rusty George Creative

Troy Goodman
Targa Sound Terminal

Jill Guernsey
City of Gig Harbor

Tim Hansen
AHBL, Inc.

William Holt
Gordon Thomas Honeywell

Terry Jones
U.S. Bank

Glenn Kasman
MultiCare Health System

Ron Langrell
Bates Technical College

Bev Losey
Brown & Brown
of Washington, Inc.

Jeff Lyon
Kidder Mathews

Brian Marlow
KeyBank

Pat McCarthy
Pierce County

Andy McDonald
Columbia Bank

Joyce McDonald
Pierce County Council

Don Meyer
Port of Tacoma
Commission

Linda Nguyen
WorkForce Central

Andrew Over
Regence

Tom Pierson
Tacoma-Pierce County
Chamber

Peter Rasmussen
Emeritus

Patty Rose
Pierce County Central
Labor Council

Kari Scott
Wells Fargo

Stanley Selden
Emeritus

Herb Simon
Simon Johnson, LLC

Marilyn Strickland
City of Tacoma

Steve Sugg
City of University Place

Sharmila Swenson
Puget Sound Energy

Ronald Thompson
Emeritus

Gregory Unruh
Franciscan Health
Foundation

Jason Whalen
Ledger Square Law

Rich White
The Boeing Company

John Wolfe
Port of Tacoma

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**ECONOMIC DEVELOPMENT BOARD
FOR TACOMA-PIERCE COUNTY**