

edb | ECONOMIC  
DEVELOPMENT  
BOARD TACOMA  
PIERCE COUNTY

# 2016

## ANNUAL REPORT



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**Columbia**  
 **Bank**

# 2016 EDB INVESTORS

## TOP PRIVATE

CHI Franciscan Health  
MultiCare Health System  
Columbia Bank  
Benaroya Companies  
KeyBank  
Milgard Manufacturing  
Wells Fargo  
U.S. Bank  
Heritage Bank  
The News Tribune  
Puget Sound Energy  
DaVita  
Coordinated Care  
General Plastics  
State Farm  
Targa Sound Terminal  
The Boeing Company

## 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  
Pierce College  
Pierce County  
Port of Tacoma  
Sound Transit  
State of Washington  
Tacoma Community College  
Tacoma Public Utilities  
University of Washington Tacoma

## PRIVATE

Absher Construction  
AHBL  
Architects Rasmussen  
Triebelhorn  
Bargreen Ellingson  
BCRA  
BNY Mellon  
BPI Medical  
Broadway Center for the  
Performing Arts  
Brown & Brown Insurance  
Burkhart Dental Supply  
Business Examiner  
CalPortland  
Carlisle Construction  
Materials  
Catalyst Workplace  
Activation  
CBRE  
Commencement Bank  
Concrete Technology  
First Citizens Bank  
Gordon Thomas Honeywell  
Group Health Cooperative  
Harborstone Credit Union  
Hollander Investments  
Innova Architects  
James Hardie  
JayRay  
Jesse Engineering  
JPMorgan Chase  
Kidder Mathews  
Korsmo Construction  
Korum Automotive Group  
Ledger Square Law  
Merit Construction  
Northwest  
Moss Adams  
Murray Pacific  
Neil Walter Company

Northwest Door  
Pacific Lutheran  
University  
Parametrix  
Patriot Fire Protection  
Pease Construction  
Point Ruston / MC Real  
Estate Consultants  
Propel Insurance  
Rush Companies  
SAFE Boats International  
SeaTac Packaging  
Selden's Home  
Furnishings  
Simon Johnson  
Sitts & Hill Engineers  
Smith Fire Systems  
Sound Credit Union  
Tehaleh by Newland  
Communities  
TrueBlue  
Tucci & Sons  
University of Puget  
Sound  
U.S. Oil & Refining  
Washington Federal  
West Rock  
Western Institutional  
Review Board

# 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 and sold. 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: 2012–2016

Because most deals take well over a year to conclude, the EDB measures its results in five-year increments. The EDB’s \$120:1 return on its investors’ dollars from 2012–2016 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 2016

### GLOBAL INTEREST

The EDB continues to work with international inquiries. Companies based in **China, Japan, Korea, and Western and Eastern Europe** are considering expanding here.

### WORKFORCE

A top consideration is **workforce talent and qualifications**. Companies want assurance they can attract and hire the types of skilled workers they need to be successful.

### CERTAINTY

**Predictability and reliability** in the development process is critical to projects. Permitting costs and timelines need to be well-defined and understood upfront.

At the end of 2016, the EDB had **18 active recruitment cases** in the pipeline representing nearly **1,000 potential new jobs** in **advanced manufacturing, high-tech storage and distribution, clean tech manufacturing, services, precision components, and distribution**. EDB continues to work directly with companies, consultants, and 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 our successful recruitment program.

# Key Recruitment Projects

## FEDEX GROUND—PROJECT EXPEDITOR

In July, FedEx Ground opened a 311,000 square foot building in Fife where **300 full- and part-time package handlers** load and unload trucks for local delivery. A consultant contacted the EDB in 2013 asking for help in identifying 30-40 acres for a distribution facility. We sent out a site search and sent the responses to the client. Ongoing additional research and information was provided. Late 2013, the consultant toured sites, met with EDB and began working directly with site owners. EDB assistance and support continued during 2014 and 2015 as the firm focused on costs and incentives. The **City of Fife** worked with consultants and the company in getting this new construction project ready to open its doors at this new packaging handling facility.

## MITSUI-SOKO (U.S.A.)—PROJECT FROSTY

Mitsui-Soko (U.S.A.) broke ground mid-2016 on its new **200,000+ square foot warehouse and cold storage facility** in Frederickson. The facility will meet the unique requirements of the aerospace industry. The EDB and many others have been active partners with Mitsui-Soko, headquartered in Japan, and Gray Construction, their contracted project team. The company's site search began in 2013, when the EDB provided area information and identified potential sites to fit the project's need. Once the company selected a Frederickson site, Pierce County's

**Economic Development Department** and permitting team at **Planning and Land Services (PALS)** worked to expedite permit review and get construction off to a smooth start. The company is expected to open in 2017 and **employ 30 workers**.

## NEW COLD—PROJECT HEARTLAND

NewCold, based in the Netherlands, operates a European network of large scale automated cold stores and refrigerated transport services for the food industry. They selected a site in Tacoma for their first U.S. operations and broke ground Fall of 2016. NewCold uses state-of-the-art technology including automated systems to move and store products in their high-bay, energy-efficient warehouse. The use of advanced software systems makes it a good fit for workers with high-tech skills. Key clients, including **Trident Seafoods** will optimize their operations with this new project.

Many partners including **Tacoma Power, Mayor Strickland, the Community and Economic Development Department** and **Planning and Development Services** have been instrumental in moving this project forward. The state of the art freezer is a joint design effort and construction by NewCold and Fisher Construction Group of Burlington (WA). The facility will be one of the largest in the USA with a storage capacity of over 25 million cubic feet, **employing 50-100 workers**.

# BUSINESS RECRUITMENT

EDB began working with the company and their consultant in 2015 by identifying sites, providing area and workforce information, arranging meetings with the State Department of Commerce and the Department of Revenue and responding to the project team's needs and requests.

## CLASS A OFFICE DEVELOPMENT

In 2016 the EDB increased our recruitment capacity with an additional focus on the office market, particularly Class A office availability, in Tacoma and Pierce County. This new effort, working in conjunction with our public and private partners, seeks to expand the office market through new office developments and business recruitment. With local and regional demand for office space increasing and occupancy rates improving, the opportunity to work with our partners to expand the Class A market is here.

## 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 feasibility study required by the America Bar Association was completed in December 2016 and the UWT Law team is working with the legislature on next steps.

## PROTECTING GOOD JOBS

The EDB takes our natural environment, quality of life and good jobs very seriously,

as do the companies with which we work. Tacoma-Pierce County's intrinsic protection of these values is one of the reasons the EDB participated in a lawsuit over two illegal ballot initiatives that would have required a public vote on some industrial projects. The EDB joined the Port of Tacoma and Tacoma-Pierce County Chamber of Commerce in the lawsuit. Courts across the country have deemed initiatives like this illegal and the EDB was thankful when a judge in Pierce County Superior Court invalidated them. The case is currently under appeal.

## 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 2016, EDB attended the **Farnborough International Airshow** with the Washington State Department of Commerce, Pierce County Economic Development Department, and other economic development agencies and companies in the state. We met with industry leaders and connected with existing and new contacts to highlight the assets and advantages of Pierce County. We attended the **Pacific Northwest Aerospace Alliance** annual conference and provided attendees with key economic data and insight into cultural and recreational amenities and available land and sites for potential operations here.

## Key BRE Projects

### BRADKEN

In 2016, the EDB began working with Bradken Altas, a major foundry with international reach, on planning for its next expansion. The Tacoma site needs to expand in order to support a new shipbuilding component opportunity. The competition is located in the Midwest and United Kingdom. Total **capital investment is anticipated to be \$12.5M** which is necessary to expand the existing facility and train new workers. The EDB worked with Bradken on a successful grant application to access funds from the **Governor's Strategic Reserve Fund (SRF)**. The project is ongoing with several partners actively involved including the **Washington State Department of Commerce, City of Tacoma** and **WorkForce Central**.

### STATE FARM

State Farm, one of our largest private employers, grew its Tacoma and DuPont facilities by several hundred employees in 2016. This hiring trend continues upward as we move into 2017. The **EDB, City of Tacoma, City of Puyallup** and **Puyallup-Sumner Chamber of Commerce** hosted several meetings to connect State Farm to local workforce development partners to

ensure the company finds the workers it needs, and vice versa. Participants included American Lake Veteran Administration, Career Path Services, Clover Park Technical College, Hilltop Center for Strong Families, Jobs for Life Program, Pierce College, ResCare Workforce Services, Tacoma Community College, Tacoma-Pierce County Chamber Veteran and Business Service, Thurston Chamber of Commerce, Vadis, Washington State Department of Vocational Rehabilitation and Employment Security Department, and WorkSource Pierce, Lewis, and Thurston Counties.

### PUGET SOUND ENERGY

Power, water, and transportation infrastructure are essential to job creation. Puget Sound Energy's \$310 million **Liquefied Natural Gas (LNG) plant** on the Tideflats is a cutting edge facility that will provide clean energy for residents and businesses for many years. The EDB supported the complex environmental review of the project and is pleased to see it moving forward and be part of our energy future. The facility will create an estimated 150 direct construction jobs and 18 permanent positions.

# BUSINESS RETENTION AND EXPANSION (BRE)

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% of new jobs are generated by existing businesses, the BRE program is a significant priority in the EDB's Compete Every Day Forever work plan. The BRE program is focused on **primary industry firms**, which are firms responsible for selling Pierce County products and services to customers beyond our borders. The selection of companies on this basis—sales outside Pierce County—is important because transactions with the outside world bring new revenues into our local economy and generate wealth.

The EDB's **BRE program met with 94 Pierce County companies**. Those companies represent approximately 22,426 jobs. Participating companies received, in total, **134 different referrals** offering assistance in meeting challenges related to workforce, financing, permitting, tax credits, lean manufacturing, energy 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, health services and many more.

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, and University Place** 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.



# INDUSTRIAL DEVELOPMENT REVENUE BOND FINANCING

## **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, Adam Smith and Dave Reichert, and the offices of Senators Patty Murray and Maria Cantwell.

## **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.



## In the News

The EDB published its **2016 Major Employers List** including companies that have 100 or more full-time-equivalent employees in Pierce County. The **215 employers** on the list represent **161,000 jobs**.

The EDB's **Teamwork** newsletter was distributed electronically and by US Mail to **2,850 local, national, and international leaders** each month.

Eleven (11) "**good news**" stories about Tacoma-Pierce County economic development activities were placed in trade and mainstream publications and broadcasts, among them **CyberTrend magazine, KNKX, and Executive Insight**.

Two **Investor Briefings** were hosted by EDB Investors during the year, including **Benaroya Company at the Centeris Data Center** in the company's **Business and Technology Park in Puyallup** and by the **Port of Tacoma at the Fabulich Center**.

With changes in state law and marijuana use on the rise, employers have pressing questions and concerns about how to attract and retain workers. The **Pierce County Economic Development Department, City of Lakewood** and **EDB** hosted a forum featuring experts who offered guidance around safety, testing, legal issues and best practices in the workplace.

The EDB made **presentations** to a variety of organizations among them the Port of Tacoma, South Sound Together, Rotary 8, Association of General Contractors, Tacoma City Council, Fife Milton Edgewood Chamber, Puyallup City Council, and the Tacoma Downtown Showcase.

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.

December 31, 2016

## STATEMENT OF FINANCIAL POSITION

ASSETS	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Cash and cash equivalents	\$ 1,512,931	\$ –	\$ 1,512,931
Certificates of deposit	600,114	–	600,114
Accounts receivable – government contracts	153,815	–	153,815
Accounts receivable – related party	6,032	–	6,032
Contributions receivable, net	999	2,117,758	2,118,757
Accounts receivable – other	–	–	–
Prepaid expense	3,904	–	3,904
Office furniture and equipment, at cost, net of accumulated depreciation	10,529	–	10,529
Total assets	<u>\$ 2,288,323</u>	<u>\$ 2,117,758</u>	<u>\$ 4,406,081</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 14,443	\$ –	\$ 14,443
Accrued liabilities	24,229	–	24,229
Total liabilities	<u>38,673</u>	<u>–</u>	<u>38,673</u>
<b>NET ASSETS</b>			
Unrestricted	2,249,650	–	2,249,650
Temporarily restricted	–	2,117,758	2,117,758
Total net assets	<u>2,249,650</u>	<u>2,117,758</u>	<u>4,367,408</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,288,323</u>	<u>\$ 2,117,758</u>	<u>\$ 4,406,081</u>

# STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2016

SUPPORT AND REVENUE	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Service revenue	\$ 620,259	\$ –	\$ 620,259
Contributions	–	2,878,072	2,878,072
In-kind contributions	22,000	–	22,000
Net assets released from restrictions	808,108	(808,108)	–
Total revenue and other support	<u>1,450,367</u>	<u>2,069,964</u>	<u>3,520,331</u>
<b>EXPENSES</b>			
Personnel	732,812	–	732,812
Campaign	33,242	–	33,242
Marketing costs	215,732	–	215,732
General and administrative	290,349	–	290,349
Rent	51,900	–	51,900
Total expenses	<u>1,324,035</u>	<u>–</u>	<u>1,324,035</u>
<b>OTHER INCOME</b>			
Annual meeting and events	95,560	–	95,560
Interest income	2,509	–	2,509
Other income	30	–	30
Total other income	<u>98,099</u>	<u>–</u>	<u>98,099</u>
<b>CHANGE IN NET ASSETS</b>	224,431	2,069,964	2,294,395
NET ASSETS, beginning of year	<u>2,025,219</u>	<u>47,794</u>	<u>2,073,013</u>
NET ASSETS, end of year	<u>\$ 2,249,650</u>	<u>\$ 2,117,758</u>	<u>\$ 4,367,408</u>

Moss Adams performs a review of the Economic Development Board for Tacoma-Pierce County's financial statements

# STATEMENT OF CASH FLOWS

Year Ended December 31, 2016

## CASH FLOWS FROM OPERATING ACTIVITIES

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Change in net assets	\$ 2,294,395
Adjustments to reconcile change in net assets to net cash from operating activities:	
Provision for allowance and discounts of contributions receivable	342,785
Depreciation	6,151
Change in assets and liabilities	
Accounts receivable – government contracts	(3,625)
Contributions receivable	(2,413,750)
Accounts receivable – other	1,000
Prepaid expenses	131
Accounts payable	(486)
Accrued expenses	(37,563)
Net cash from operating activities	<u>189,038</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	(1,261)
Certificates of deposit redeemed	(742)
Net cash from investing activities	<u>(2,003)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	187,035
CASH AND CASH EQUIVALENTS, January 1, 2016	<u>1,325,896</u>
CASH AND CASH EQUIVALENTS, December 31, 2016	<u>\$ 1,512,931</u>

# 2016 EXECUTIVE COMMITTEE



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



**VICE CHAIR**  
**Kari Scott**  
Wells Fargo Bank



**IMMEDIATE  
PAST CHAIR**  
**Troy Goodman**  
Targa Sound  
Terminal



**Nigel English**  
Heritage Bank



**Pat McCarthy**  
Pierce County



**Marilyn  
Strickland**  
City of Tacoma



**Gregory Unruh**  
Franciscan  
Foundation



**John Wolfe**  
Port of Tacoma  
and The  
Northwest  
Seaport Alliance



**David Zeec**  
The News  
Tribune

## EDB Staff

**Bruce Kendall**  
President & CEO

**Susan Suess**  
Senior Vice President

**Dan Trimble**  
Vice President Recruitment  
& Real Estate Development

**Maddie Merton**  
Vice President Business Retention  
& Expansion

**Deborah Kelly**  
Office Manager

**Rebecca Ray**  
Accountant



# 2016 BOARD OF DIRECTORS

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Absher Construction

**John Arbini**  
Emeritus

**Greg Biersack**  
Burkhart Dental Supply

**T.C. Broadnax**  
City of Tacoma

**John Caulfield**  
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**Nigel English**  
Heritage Bank

**Andrew Fry**  
Institute of Technology,  
UWT

**Bill Gaines**  
Tacoma Public Utilities

**Lisa Goodman**  
Benaroya Companies

**Troy Goodman**  
Targa Sound Terminal

**Jill Guernsey**  
City of Gig Harbor

**Tim Hansen**  
AHBL, Inc.

**Jim Hilger**  
DaVita

**Terry Jones**  
U.S. Bank

**Glenn Kasman**  
MultiCare Health  
System

**Ron Langrell**  
Bates Technical College

**Bev Losey**  
Brown & Brown  
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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

**Bob Redd**  
US Oil

**Patty Rose**  
Pierce County Central  
Labor Council

**Kari Scott**  
Wells Fargo

**Marilyn Strickland**  
City of Tacoma

**Mark Sturgis**  
Milgard Manufacturing

**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

**David Zeeck**  
The News Tribune

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