

2018

ANNUAL REPORT



BCRA, Tacoma

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 our market.

THE LAST FIVE YEARS: 2014–2018

Because most deals take well over a year to conclude, the EDB measures its results in five-year increments. The EDB's \$184:1 return on its investors' dollars from 2014–2018 is indicative of the strength of its recruitment and retention programs.



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TRENDS IN 2018

- **Global Interest:** The EDB fielded international interest from companies based in Canada, China, Turkey, Taiwan, Norway, Croatia, France, and Germany.
- **Need for Speed:** A driving factor in the site selection process was available inventory that allowed expedited access to the market.
- **Workforce Pipeline:** Companies focused on workforce availability and sought assurances of the future pipeline of talent. Pierce County's strong ecosystem of training programs, internships, apprenticeships, certificate programs, and degrees provided assurance that the region can sustain future growth.

36 ACTIVE RECRUITMENT CASES

At the end of 2018, the EDB had 36 active recruitment cases in the pipeline, representing over 2,500 potential new jobs in advanced manufacturing, high-tech storage and distribution, clean tech manufacturing, aerospace, precision components, and distribution. The EDB continues to work directly with companies, consultants, and partners to provide the insight and information businesses want to make their expansion or location decisions. Companies sometimes evaluate expansion options for many months—or even years—before committing to a project.

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.

KEY RECRUITMENT PROJECTS

McKesson—Project Tracer, 74 Jobs, \$29.2 Million Investment

McKesson delivers pharmaceutical and medical products and business services to retail pharmacies and institutional providers like hospitals and health systems throughout North America and internationally. McKesson chose Puyallup to locate strategically near a transportation hub that will allow timely and convenient



“Our collaboration with the EDB has been instrumental in our business development process.”

—JONAS SWARTTOUW, U.S. Country Manager,
NewCold, Advanced Cold Logistics

access to their customers. Connections were made early in the process with the City of Puyallup and will continue to be made with utility and workforce development organizations to ensure a smooth opening. The company is expected to open in 2019 and will employ 74 workers. The EDB worked closely with the WA State Department of Commerce and City of Puyallup to land this client.

Boeing's New Mid-Market Airplane

Boeing is considering whether to design and build an all-new aircraft—dubbed the New Mid-Market Airplane (NMA). The EDB joined Pierce County Executive Bruce Dammeier, Tool Gauge CEO Debbie Lee, the Aerospace Futures Alliance, fellow Associate Development Organizations from around the State, and others to step up to the challenge. The NMA Council completed three major initiatives in 2018:

1. Teal Group completed a competitive analysis of all 50 states, which revealed that Washington State is the best and most competitive location in the U.S. for aerospace design and manufacturing.
2. The Washington Aerospace Economic Impact Study's latest facts and figures showcase the importance of the aerospace industry in Washington State.
3. The Choose Washington Workforce Development Strategy was released with the most comprehensive assessment of the current investments in the State's aerospace workforce, a key metric in the decision-making process.

The 70 aerospace suppliers in Pierce County will see tremendous benefits from the NMA. Washington State is confident and ready to respond when Boeing issues the RFP.

BUSINESS RETENTION AND EXPANSION

The EDB's Business Retention and Expansion (BRE) program, directly engages local primary businesses 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 work plan.

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.

“Our new, revamped Sumner facility would have not been possible without the outstanding support from the EDB team.”

**DANIELE CAGNATEL, President & CEO,
AIM Aerospace**

KEY RETENTION—EXPANSION PROJECTS

AIM AEROSPACE—Growing from 385 to 685 jobs, \$21 Million Investment

AIM Aerospace, a leading Tier II supplier of composite ducting, substructural, and interior parts for the commercial aerospace industry, selected Sumner as the site of its expansion. This was driven, in part, because much of their existing workforce resided in Pierce County. AIM underwent an extensive process in 2018 to drive efficiencies by consolidating to a single existing plant in Sumner. The renovation brings additional manufacturing capacity to better serve customers. The EDB, City of Sumner, Pierce County, and the WA State Department of Commerce assisted AIM with introductions, permitting, parking, and accessing \$125,000 from the Governor's Strategic Reserve Fund to help defray the cost of the expansion.

TOOL GAUGE—Growing from 135 to 235 jobs, \$22 Million Investment

The EDB, in partnership with City of Tacoma, Pierce County, Impact Washington, and the WA State Department of Commerce, supported aerospace manufacturer Tool Gauge in its first major company expansion.

Tool Gauge began construction of a state-of-the-art 80,000 SF aerospace manufacturing facility. When it opens in 2019, the new building will enable them to expand their plastics press range, broaden secondary operations, and house a vertical paint system leading to even shorter lead times, enhanced product quality, and better cost control. Before the expansion, production was housed in three different buildings, creating considerable logistics and efficiency challenges. Support included introductions, permitting assistance, and accessing workforce development and training resources.

SEATAC PACKAGING—Growing from 95 to 145 jobs, \$19 Million Investment

SeaTac Packaging is a family-owned manufacturer of bags used in packaging a variety of products including flour and flour mix, agriculture and food products, dog and cat food, livestock and poultry feed, seeds, cement and mortar mix, salt/water softeners and absorbents. The company retained its existing plant in Puyallup and expanded to a site in the Frederickson Industrial Area. Construction began on a new 103,000 SF facility slated to be completed in May 2019. The EDB, Pierce County, and EDCPC assisted with introductions, permitting, and bond financing.

BPI MEDICAL—45 jobs retained, \$4.8 Million Investment

BPI Medical is a locally-owned medical device manufacturer and repair facility. When they outgrew their leased space in Fife, the company explored site locations throughout King and Pierce Counties. The EDB provided information on available incentives, permitting, workforce resources, financing programs, and facilitated introductions. The company acquired and renovated a building in Fife.

INDUSTRIAL DEVELOPMENT REVENUE BOND FINANCING

The EDB staffs the public Economic Development Corporation of Pierce County (EDCPC) 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.

By year-end, the EDB had responded to three new inquiries from businesses seeking information about bond financing requirements and expected to close on one early in 2019.

COMPLETED
141
BUSINESS
RETENTION
VISITS

IN THE MEDIA

The media is taking note of the economic climate in Tacoma-Pierce County. In 2018, the EDB was mentioned, interviewed, and quoted on multiple occasions by news outlets, including in print and online with The News Tribune, The Seattle Times, The Olympian, Puget Sound Business Journal, South Sound Business, PR Newswire, WA State Department of Commerce, and Tacoma Weekly. EDB initiatives were covered on-air by KOMO, KIRO, KING 5, KBTC, and Pierce County TV.



TEAMWORK

The EDB's *Teamwork* newsletter distribution to local, national, and international leaders each month averaged 2,770 by US Mail and 2,830 electronically. Subscriptions and open rates alike rose.

The EDB partnered with organizations across the State to generate and amplify positive news stories about the business-friendly climate in Pierce County. NewCold, Associated Materials, Ames International, and companies on the 2018 Major Employers List were among the companies featured. Forbes recognized the Tacoma-Lakewood area as the #10 Best Place for Business and Careers.

Pierce County Family-wage Jobs Credits showcased our business-friendly climate. The University of Washington Tacoma's economic impact analysis of Joint-Base Lewis-McChord's quantified the regional importance of the base at \$9.2 billion annually, and received proclamations from the Cities of Lakewood, Tacoma, and Yelm.

DCI, an economic development consulting firm, guided the development of collateral materials for Aerospace, Transportation & Logistics, and Technology, and performed a website audit. Rising toward the goal to expand the organization's online reach, website traffic

“The Pierce County business community is very connected and collaborative.”

**BEV LOSEY, Senior Vice President,
Brown & Brown of Washington**

and social media impressions on LinkedIn, Facebook, and Twitter grew exponentially under strategic curation.

EDB Investors hosted three Investor Briefings. Brown & Brown explained the healthcare strategy called “Paying for Value,” Tacoma Public Schools gave tours of SAMi and the new Pacific Seas Aquarium at the Point Defiance Zoo & Aquarium, and the Port of Tacoma showed

off its new Super Post-Panamax cranes.

The EDB continued its involvement in regional initiatives. South Sound Together, which promotes the South Sound's quality of life, enjoyed viral success and published a series of six 'romance reel' videos to showcase our communities' values. In September, Place for Jobs relaunched as the Manufacturing Industrial Council for the South Sound, the voice for the manufacturing, industrial and maritime community. The EDB supports the Tacoma-Pierce County Chamber in this program focused on economic prosperity, environmental stewardship, social equity and public safety.

Protecting industrial jobs while promoting a cleaner environment was high among the EDB's 2018



12,654
UNIQUE WEBSITE VISITORS

priorities. The EDB advocated for regulations to support Puget Sound Energy's Liquefied Natural Gas (LNG) plant in Tacoma's Tideflats, a facility that will employ 18 family-wage jobs upon opening and release dramatically fewer particulate emissions over its 50-year lifecycle than current practices.

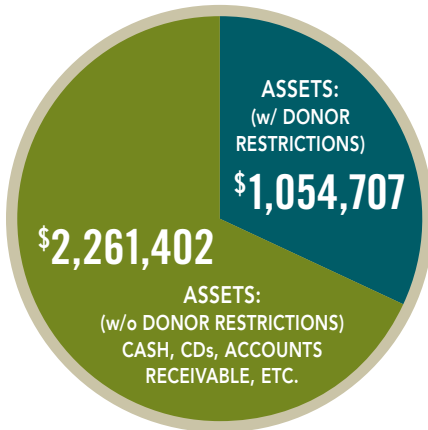
Members of the EDB staff gave dozens of presentations, speaking about issues that affect our region's economy with multiple Rotary chapters and Chamber functions, Washington Economic Development Association, Aerospace Futures Alliance, Association of Washington Business, AgTrans Annual Meeting, Puget Sound Clean Air Agency, city councils, and other groups.



Year ended December 31, 2018

STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS: \$3,316,109



TOTAL LIABILITY: \$41,670



NET ASSETS: \$3,274,439

TOTAL LIABILITIES & NET ASSETS: \$3,316,109

CASH FLOWS FROM OPERATING ACTIVITIES

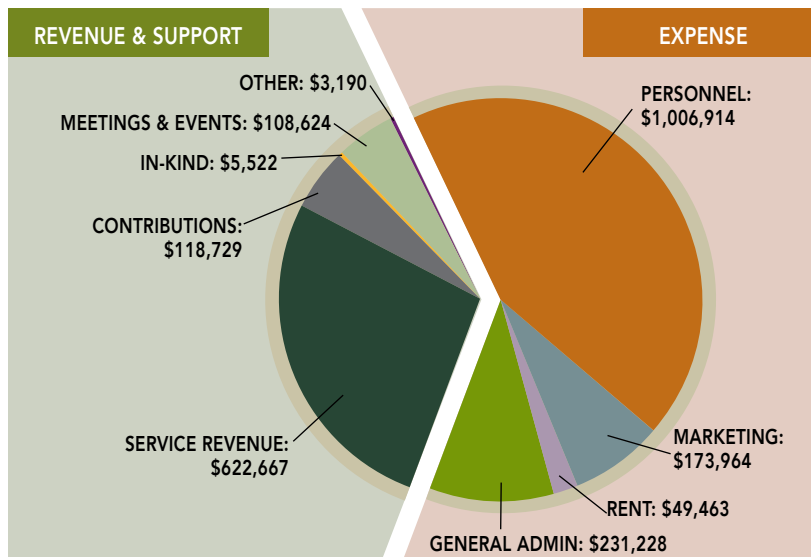
Change in net assets	\$ (602,837)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Provision for allowance and discounts of contributions receivable	(120,730)
Depreciation	6,598
Change in assets and liabilities	
Accounts receivable – government contracts	(5,320)
Contributions receivable	670,849
Accounts receivable – other	93
Prepaid expenses	(20,249)
Accounts payable	5,886
Accrued expenses	25,974
Net cash from operating activities	<u>(39,736)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	(937)
Certificates of deposit redeemed	(851)
Net cash from investing activities	<u>(1,788)</u>

INCREASE IN CASH AND CASH EQUIVALENTS	<u>(41,524)</u>
CASH AND CASH EQUIVALENTS, January 1, 2018	<u>1,519,091</u>
CASH AND CASH EQUIVALENTS, December 31, 2018	<u>\$ 1,477,567</u>

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS



CHANGE IN NET ASSETS	
Without donor restrictions	\$(53,716)
With donor restrictions	\$(549,121)
Total	<u>\$(602,837)</u>

NET ASSETS/BEGINNING OF YEAR	<u>\$3,877,276</u>
NET ASSETS/END OF YEAR	<u>\$3,274,439</u>

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Thank you, Compete Every Day Forever Investors

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