

**Regional Cluster Academy
Tri-Cities
Anthony's Homeport Event Center
June 13, 2008**

Welcome & Introductions

*Eleni Papadakis, Education and Workforce Training Coordinating Board
Dick Larman, Community Trade and Economic Development*

Michelle Mann welcomed everyone and introduced Eleni Papadakis, Executive Director of the Workforce Board. Eleni introduced CTED, WTB, Jack Mills and Lindsey Woolsey.

Setting the Day's Expectations

Putting the Pieces Together at the Regional Level: Washington's Regions Setting the Bar Angelou Economics Research Results Panel

Carl Adrian, President and CEO of TRIDEC; Diahann Howard, Director of Tri-Cities Research District;
Carl: made a presentation on the ongoing efforts of the regional EDC – TRIDEC. The presentation looked at the identified industry clusters and at the region's economic development targets for both expansion and recruitment. (see pp);

Comments:

- No identification of a nuclear industry cluster? Carl responded and noted that TRIDEC needs a policy on that. "We haven't given that up as a cluster."

Diahann: Presented on the development of the Research District, a Port supported project that seeks to concentrate energy and technology research into a district development. (see PP)

Comments:

- No nuclear industry cluster, are we giving that up? No.. One of our targets is clean energy. There is a lot of change in nuclear energy and we would like opportunity to have that discussion to further explore the issues and opportunities around continued development.

Ken Nelson, Economic Development Director for City of Kennewick

Ken: Presented from the city's perspective showing a wide range of industry types that make up the economic and workforce components in Kennewick. (see pp) He noted that one target is renewable energy. He presented a video of Kennewick, WA.

No comments For Ken.

Questions and comments for the regional presenters:

- Question for Diahann – Do we need a distinction about clean energy and environmental technology. Diahann comments that environmental technology is focused on working with PNNL. Clean energy has a technology imagination; the 350 acres dedicated to the Research District is about bringing together WSU and PNNL. There are specific actions done at Hanford site in relation to clean energy and environmental technology. This concept would tie in Energy NW too.
- What about bio-products? Diahann and Carl commented that bio was funded from the state, and DOE dollars. That project brings together PNNL staff, resources and faculty in building space to come up with renewable products. WSU has moved their bio headquarters to Tri-Cities.
- What about creating jobs for people who don't have PHD's or other higher education. There is ongoing work to retain jobs regardless of the education level. Right now the Hanford area is about ½ scientist, ½ administrative.
- Agriculture has a major impact here, what about education for food processing? We are trying to increase the options with expansion efforts targeted to the regional processors and increased efforts to further develop international trade.

Jack Mills asked if this brings up any other ideas that you may think that could come to the region?

Comments:

- Could the region be a corporate center or regional headquarters - possibilities for attracting more companies. We think that is happening already.
- Wine industry, could there be an opportunity with an industrial park to see where jobs are and how we can grow them. Marketing to promote wine in the region. Tourism is a component, wine is economic development. Prosser has been growing in this area. This area has a good transportation system. It is more than just wineries. We can't draw them in, but we can recruit the support industries for the wineries.
- What about the larger companies that we already have here. Lockheed, etc.... That is a good example. They used to have a footprint here. Perhaps we could use that to attract them back along with other business like Fluor.

Challenges & Barriers:

- Where the dollars come from?
 - We have to do the training at the community college here.
 - Grant systems are not customer/business friendly so we are all going directly to the community college.
 - Most of the state workforce programs are funded on a yearly basis, that does not meet a market demand.
 - A larger problem is getting to the cluster. We need better tools than we have now to attract and identify businesses we want to attract, difficult to strategize year by year.
- Tools needed:
 - Funding to do cluster research within their clusters.
 - Why not take most of the existing funding and put it in the local community/state clusters already identified.
 - Assist us in keeping their existing workforce up to date in the needed training.
 - Small companies don't have the dollars to do this type of training, especially for incumbent workers.
- Other economic development in region:
 - All communities need to diversify their economies.
 - This area has a very good cooperative relationship.
 - Education costs have been shifted to the students. Those having less and less resources are the students who have greater need, ESL, ABE, etc.
 - We have clear infrastructure needs.
 - More people retiring in the region who don't want change.

The National Context: State Investments that Lead to Regional Vitality

Jack Mills, NNSP and Lindsey Woolsey, CSW

Jack: made his presentation focused on the Tri-Cities event (see PP)

Comments:

- Many of the rural stories apply to the Tri-Cities. We feel we are ahead of a lot of people but some could apply to us. We feel that we are able to do a lot of this without a lot of support. We feel that the Tri-Cities is ahead of the curve in doing this kind of stuff (Jack's pp).
- Who is the they, or partners? In each case it is a partnership, just like business. It's no longer good enough to do everything.
- Business is fracturing. The business focus is on their core competencies, then their focus is on their partnerships.
- Is this a statewide program, is this just the Lancaster area? Lancaster was doing it first, now it is a statewide program. The state-wide effort has added 90 partnerships across the state.
- The state provides two types of money, research and development/design and development to incumbent workers. Pennsylvania has great resources for economic development and they used

them. What they were missing was workforce support. They determined the best people were going outside the county, so they designed this system to keep people internally.

- It's not just about program change, it is also about system change (policy, people, marketing, industry practices).

Regional Input: *How do these examples relate to Washington State or to your region? Do you like them? What do you like? What don't you like?*

Facilitated by Jack Mills, NNSP and/or Lindsey Woolsey, CSW

No comments

Promoting What Works in Regions: A State Framework in Development

Skills for the Next Washington

Bryan Wilson, WTB

Bryan made his presentation (see PP) and focused on pg. 8, Identifying clusters.

Feedback:

- A State WIRED grant or any other ideas are helpful to everyone as a region. Would that work for you? In case management discussions, there needs to be some definitions of these terms. These terms could mean different things to people in the area, ex. cluster – agreed.
- Authorize the WDC and ADO to plan together. How does that help us? Authorizing statutes would be amended to direct both to develop a strategic plan for their area that would identify clusters in area and how they would direct resources and assistance to help those clusters grow. We are already doing that! The other concern is that the cluster strategy is going to go away at the state level in a few years. We have to ask how these entities are going grow by having the state focus on industry clusters. They get it here, and we don't want state to screw it up! If we do all that is being proposed then the locals will have to change everything they are doing now. We should make the system locally driven with few reporting requirements.
- The description felt mandated. What about resources? We have a lot of unfunded programs unestablished and now we are already putting the horse in from of the cart again. Are we taking away resources from the local level or are we getting more from state. No, there needs to be certainty in funding. There is no need to strategize and create something until there is funding. Then we can collaborate and decide on clusters. Then we can go forward. We need certainty, and need to know about money before doing anything. People are busy already, why authorize more and mandate more if there is no funding. Bryan commented that both entities are required to do planning. For the WDC it is a required -unfunded planning process. One of the reasons for putting WDC in statute is to try to give them money to do this. It's the legal base to provide funding.
- Why the ADO's? Bryan commented that the previous HB had an incomplete section. The Bill should have had the language noting the ADOs and WDCs working together two sessions ago.
- Why do we need something in the law if we already do this? If not in state law then not only is it impossible to provide resources to do the planning, it's more difficult to do the talk.
- There are times the locals are asked to do things that get in our way of getting the job done, so we would ask that we have a pilot program with resources so we can grow from the bottom up. The, reporting would be what we need to tell the state what they are doing and not the state tell the locals what to do. It would be worthwhile to have faith in the local collaborative abilities to let the locals do the development with the state resources and to be able to develop our own plan and implementation.

Would state WIRED program help?

- Bryan commented that the intention is to create a pot of money with strings attached for the normal reporting requirements. Reporting requirements are so the state agencies can go back to the legislature and tell them what happened with the money and what was accomplished. If the 12 WDCs had 12 different data sets, it would be hard to report that to the legislature. We need to tell the story to the legislature with one set of compiled data, and not with 12 different stories. Dick Larman commented that the last legislature session with the ADO and EDC legislation had

requirements on how they had to report. Only 9 counties reported back. If the legislature doesn't get the information in a concise and understandable format, the project(s) may not be funded again.

- This issue can expand to and about other areas too, it can become more political. So it really helps to have business comment to their local legislators about their community using the agreed upon project scope.
- Like federal WIRED program, the way the feds run it, it does not work for this region. If the state has a WIRED program it needs to be more localized for the local priorities. One of the possible proposals is for the state to provide the data resource throughout the program...be the research entity. Tell us what your goal is and let us provide what we think are good measures to meet that goal. When people are asking for information, we do not know where to go.
- Support for a state wide WIRED program should be supply funding on a universal basis. We are much less in favor of 3 or 4 WDCs being funded, want all to have access to the pool.

The Community Trade and Economic Development Strategic Plan; *Dick Larman, CTED*
Dick: made his presentation (see PP) "Trying to do a new thing with an old system."

Comments:

- Additional staff and a regional office are driving the state presence down. What are the expectations and what identification is going to occur with additional staff in the field? Dick commented that CTED was asked to expand internally. Right now that proposal stands and it's included in all our public work, block grants, rural areas, etc... We are trying to have resources in each region in the current proposal. However, we would like feedback on this, ease of access, better contact.
- We think that with more staff in the field, the better the opportunity for successful projects. However, how can you do that with no money? Dick commented that the first year they did not spend all their money and gave some back to legislature. They have 9 million to get it done and they have yet to get it done and probably will not get it done this year.
- Could those funding sources be designed to further the industry approach? Dick commented that most were spent on industry locally.
- Some programs need streamlining; this would be a good approach to get the money out there. Dick commented that fracturing may have to be done on the state side too. If we cannot get it done, we do not want to waste that funding resource.
- There is a movement to move money to the regional level. If the money currently at the state level was to be contracted out regionally is that good? All responded with a Yes!!!!

Anything else that needs to be said?

- We like the idea of bottom up instead of top down strategy. Hard to feel part of the team when you look around and see little.
- Solve the problem: What is good for WA and the Tri-Cities. We need to have the discussion at the state agencies and department heads level. Communities have started doing that upper level discussion. Here we all talked about the nuclear project.
- We need clear communication channels and people who want to discuss it first. Nuclear is a huge cluster in this area. If the locals identified it and it's not supported by the state, what happens?
- Michelle Mann said that she heard CTED is getting into workforce system, is this a rumor? It is a fear locally because they can't support all the agencies with five staff. The state agencies are killing the local government. There is not enough staff to support all agencies. Dick Larman commented that CTED involvement in workforce is small. Very little time is involved in doing this. CTED does not have the capacity to support workforce. Bryan commented that CTED is not going to be running training programs.

Creating Your Region's Preferred Future: Increasing Regional Collaboration and Regional-State Alignment to Meet Regional Needs

Set Goals -- Where do we want to be as a region in 2 years?

Recognize Barriers, Identify Partners, Discuss Strategies, Plan Next Steps

What Clusters do you have in your region that the state's economic data might miss?

Bryan Wilson stated that the Workforce Board is taking this to the July board meeting to discuss the framework. Additional feedback can be sent to Bryan in the next couple of weeks. If the Workforce Board finds the value and wants to go into legislature, a draft will be created. I will need feedback by end of September. Don't forget the conference is another place for feedback.

Dick Larman stated that for CTED the process timing is about the same. The last week of June will be the timing for a decision to go forward on the proposals where we would go out and get stakeholder decisions. Please send you input to me in the same timeframe as Bryan noted.

What can help you elevate this?

- The main fear is clusters will be identified over the mountains (west side) and not our area. Therefore there is hesitation to accept the official definition of a cluster. Which groups of industries get defined as clusters and the base state definition might limit or not fit well with the Tri-Cities region. This would be a barrier for state funding to the region. Solutions: local cluster identification - let us define our clusters and push policy so it is possible.
- Ensuring that the state system of all kinds trusts the local needs and has a structure to identify those needs has to be recognized.
- For entrepreneurship and skill panels to go forward, there needs to be a conversation about this to bridge the issues and to go forward with the skill panels.
- State dog and pony shows... Each time they come we need to make sure they hear the bigger picture from the community.
- Set up a program with projects, some funded then a continued list of projects without any funding, etc.... When the IPZ program went around the state, some got \$\$\$ others did not. It seems like the state should complete the project funding before going out again. Priorities for regions don't go away with the additional duties.
- We don't want to compete with other regions for money. What about working on a formula basis so all can get it. Equal footing of what needs to be done, so we all are moving forward. Switch with the competitive RFP approach for state money. Present something solid but don't compete with other regions

Is there a way to continue this conversation to go forward?

- The community has those set in place with the round table, WorkSource, TRIDEC, chamber of commerce, case management board, etc... We are always continuing to move forward.
- We feel like we are getting some of the ideas today onto the agendas.
- We like the consistent message with state leadership with a positive message of what the community has done. This is being done with the TRIDEC during the legislature session on some levels.

Questions for Bryan and Dick:

- We have the sense today that locals have done legislature work. Dick: Yes, we need to know how to support that and what you need to do next. Bryan: Local folks during this effort need to decide that organizational collaboration efforts around industry clusters is the way to go both here and around the state. The state is behind the ball here with money and organizing efforts.
- Jack: Lots of work is being done at the state level to align across the agencies so there is a common strategy and the resources to support the locals, a common strategy, and the resources necessary to make all possible.
- Each of the labor markets around state need to support their regional clusters.
- Additionally, we need to: 1) expand who is involved and who needs to be involved to help move forward, 2) commit to build the infrastructure necessary for the identified industry cluster.
- There are many ways for vertical alignment to make efforts much stronger. However we need more work done in the infrastructure and in the dialogue between state and the region(s).

Michelle thanked everyone and closed the session.