

TURNING POINT

AN ECONOMIC DEVELOPMENT STRATEGIC PLAN



for the
COWLITZ ECONOMIC DEVELOPMENT COUNCIL
August 2010



ACKNOWLEDGEMENTS

The Cowlitz Economic Development Council (CEDC) engaged Austin-based TIP Strategies (TIP) to prepare an economic development strategic plan. The purpose of the plan is to focus on business recruitment and to help the CEDC understand its competitive position in the Pacific Northwest. We would like to acknowledge the engagement and support of the CEDC board and staff.

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About TIP Strategies

TIP Strategies, Inc. (TIP) is a privately held Austin-based business and economic development consulting firm committed to providing quality solutions for both public and private-sector clients.


Established in 1995, the firm's areas of practice include economic development consulting, strategic planning, site selection, economic impact analysis, regional economic development, target industry analysis, cluster analysis, technology audit, transit-oriented development, workforce analysis, feasibility studies, market analysis, and redevelopment analysis and planning.

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EXECUTIVE SUMMARY

The strategic economic development plan for the Cowlitz Economic Development Council (CEDC) began in a straightforward way. The goal was to identify likely business prospects seeking to expand in the region. And while this remains the goal, necessity has forced a more nuanced approach to economic development. That necessity arose from a sober assessment of Cowlitz's competitive position in the Pacific Northwest and the U.S. generally. The strength of natural resource-based companies, supported by a skilled workforce and favorable electric rates, is no longer a given. Just as the national economy is changing, so too must Cowlitz County.

It is a credit to the CEDC leadership that they recognized the need for change. This is not an easy process, and the CEDC Board is to be congratulated for its courage. Recruiting new businesses is now seen as requiring a different view of the economy: one that is less traditional, less jobs dependent, and more diverse. To say this another way, recruiting companies is a tough process; one that has to begin with a realistic assessment of strengths and weaknesses. It also requires an understanding of why the businesses most suitable to the county are also those least likely to be seeking relocation. In fact, there is an approach that will work, but it requires a fundamental rethinking of Cowlitz's economic position.

The national perspective

The Great Recession has not run its course. While GDP is increasing and the unemployment rate is stabilizing, state and local budgets are still suffering. Many, many Americans remain out of a job. And the global economic picture is still uncertain, causing issues for foreign investment. This uncertainty raised the question of whether we will experience a jobless recovery – one in which companies return to profitability while delaying new hires, and substituting new investment in machinery and equipment over workers. In fact, this has been the pattern of recent recessions. And this has immediate implications for Cowlitz. Those industries best matched for the county's existing clusters are the ones most likely to shed jobs over the next several years. These clusters matter because they represent the existing employment base: they are the basis for the county's traditional economic structure.

Of course, individual companies can grow even as their industry declines. This was the case with Nucor in the U.S. steel market. But when this happens it is because a specific company



(or region) has a strong competitive advantage. This may be a result of a young and educated workforce, or low utility rates, or a unique advantage related to infrastructure or land (such as a port). These are the elements that an economic development plan must approach as honestly and directly as possible. For Cowlitz County, the competitive landscape is shifting. Its major industries have declining employment and growth sectors are under-represented. To seek companies based entirely on past expectations would be a prescription for failure. Since so much of the employment base is committed to manufacturing (including wood products), this takes us to the heart of the matter. However productive and successful this sector may be, it is highly unlikely that it will expand employment. Similarly, new companies who might have relocated due to low cost energy and the existing workforce will now rate other locations much more highly. Why? Because a younger, more educated workforce more closely fits the profile of capital intensive industries.

The local perspective

Communities dependent on declining industries have important choices to make. The worst of these is to ignore national trends. This “head in the sand” approach has been rejected by the CEDC. For Cowlitz to accept these changes, however, means that citizens must be kept informed, local companies need to be engaged, and institutions (such as the community college and the workforce board) must be supportive. The transition will not be rapid, and it will be accompanied by considerable dislocation. In short, things will get worse before they get better. What this acceptance can bring with it, however, is a fresh perspective that sets the framework for a new and more vibrant economy.

The strategies

Opportunities abound for Cowlitz County. They begin with the obvious advantages of location. Along with Clark County, Cowlitz is in the extended orbit of Portland. This is a fact that needs to be embraced. Companies expanding out of Oregon are an important option for Longview and Kelso. In the Target Industry Section of this plan, we list some of the sectors that CEDC should recruit. The most important of these are in specialized manufacturing.

The other locational advantage is more general: Cowlitz is a prime location for international recruitment. Close proximity to the Portland International Airport; the ports of Longview, Kalama, and Woodland; and immediate access to Interstate 5 are major economic benefits.



Within Washington, Longview represents some of the best site advantages available. Oregon and California have difficult tax environments.

The approach

The CEDC staff and leadership guided the writing of this plan. A broad cross-section of citizens and interest groups informed the content, along with a comprehensive data analysis conducted by TIP. Benchmarks reflected counties with similar issues, but with different philosophies for dealing with growth and with economic development. Based on this work, TIP and the CEDC assembled a SWOT analysis for the county (strengths, weaknesses, opportunities, and threats), which provided the foundation for this plan.

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> ✓ Proximity to Portland ✓ Location on Interstate 5 between Portland and Seattle ✓ Access to Pacific Rim ✓ Deepwater Ports of Longview and Kalama ✓ Large blue-collar workforce ✓ Outdoor recreation & Mount St. Helens 	<ul style="list-style-type: none"> ✓ Leveraging I-5 and proximity to Portland ✓ Business and industrial site development ✓ Light industry ✓ Professional & technical services growth ✓ Entrepreneurship ✓ Growth in healthcare ✓ Recreational tourism & retail ✓ International investment
WEAKNESSES	THREATS
<ul style="list-style-type: none"> ✓ Industrial and commercial development sites ✓ Lack of economic development resources and incentives ✓ Relatively small professional services employment base ✓ Lack of unified county vision 	<ul style="list-style-type: none"> ✓ Slow population growth and limited employment growth ✓ Aging population ✓ Loss of young talent ✓ Inability to attract new private investment ✓ Loss of existing professional and technical employment ✓ Industrial energy costs are likely to rise



Priority recommendations for the CEDC

TIP recommends a targeted approach to economic development. The structure of this plan is built around specific targets and development opportunities that, if implemented, will go far in assisting the county make a necessary economic shift.

The following initiatives should be considered as the priority recommendations for the CEDC within this plan:

Business expansion & retention > Building awareness of the needs that existing employers have, and developing policies and mechanisms to support local business and industry, should be the CEDC's highest programmatic priority. This is not to say that the CEDC is performing this function poorly. Rather, the recommendation only goes to underline the continued importance of BRE programs in local economic development. During times of economic recession — and recovery — the degree of public pressure on a CEDC to land a “big win” in recruitment inevitably increases dramatically. The CEDC, as well as local business and community leaders, should be reminded that local companies are, by far, the largest and most reliable source for creating new jobs. And during periods of economic crisis, competition for businesses becomes especially fierce — so much so that existing businesses should be viewed as another community's potential recruit. As a result, we believe that is critical that the CEDC and local allies remain aware of the myriad issues and challenges that local businesses face and understand how business climate issues can affect private sector investment decisions.

Improvements of industrial sites > One of the greatest constraints to business attraction in Cowlitz is the lack of competitive sites. TIP recommends the removal of any construction restraints, such as dealing with fill issues, drainage considerations, and infrastructure concerns at all sites throughout the county to ensure all industrial properties are “shovel ready.” This is due to the fact that the CEDC is operating in an incredibly competitive climate for industry targets. Countless traditional heavy industrial sites are permitted, fully accessible, and fully serviced throughout the U.S. “Mega sites” throughout the South, and increasingly in the Midwest, are already on-line. While there is no national figure for industrially-zoned acreage, there is an increasing interest on the part of economic development organizations to ensure that land under their control is free of constraints.



Employment center on I-5 > Cowlitz County's location along the I-5 corridor on the northern fringes of the greater Portland area provides it with an opportunity to leverage investment from professional and technical services firms. Seeking opportunities from this sector will be critical to Cowlitz County's gradual transition away from stagnant heavy industry — from an employment perspective — toward to a more diverse economy. The employment center should include both tech/flex and Class A office space as means for relocating professional and technical firms to Cowlitz County. Strong consideration should be given to the employment center's location at the Port of Kalama phase 2 properties.

Regional marketing > TIP recommends the CEDC focus efforts on promoting and enhancing Cowlitz County's image as a business destination for Southwest Washington and the I-5 corridor. We believe this marketing effort will be most effective if the target audiences are clearly defined. Most economic development organizations believe their primary market should be businesses looking at relocation as a possibility. TIP does not disagree that these should be a focus; however, a number of other parties are just as — if not more — important, including existing business and residents, as well as the region's real estate community.

International recruitment > The CEDC should conduct a concerted effort in attracting international investment, especially from Pacific Rim nations (e.g., China, South Korea, Japan). It should be kept in mind, however, that international recruitment is a long-term strategy and will require significant efforts at building relationships. International opportunities will likely be seen from companies involved in specialized manufacturing and advanced logistics/distribution activities.



Target sectors for the CEDC

Core to economic development is the attraction of new businesses. Too often, however, business recruitment is approached in a haphazard manner. Recruitment activity only becomes strategic when target sectors meet the following requirements:

- Match the skills of the region's workforce, as well as the land and building inventory in the local community,
- Create the potential for sustainable employment opportunities through growing demand, and
- Are in harmony with the desires of Cowlitz County residents.

With this framework in mind, TIP recommends the CEDC and its economic development allies pursue the following target sectors:

- **Specialized manufacturing** (including advanced manufacturing, light industry, regional suppliers, and energy equipment assembly). A strong desire was consistently expressed throughout the planning process that Cowlitz County retain its heritage as an industrial center. Unfortunately, however, there is no other time in modern history in which the recruitment of large-scale manufacturing has been more challenging. Moreover, the anticipated increase in electric utility rates in Cowlitz County will strike a blow to what was once one of the area's comparative advantages. That said, the county's remaining blue collar workforce, employment base, and desire can still be leveraged for investment opportunities. Success will likely hinge on a more focused approach targeting smaller, lighter, and more specialized manufacturing operations.
- **Healthcare cluster** (including general medical and healthcare services, outpatient and ambulatory services, and health informatics). The availability of trained or trainable healthcare workforce thanks to Lower Columbia College (LCC), in addition to the strong regional presence of Saint John Medical Center, provides a clear opportunity for the CEDC to seek local expansions within the healthcare sector.
- **Advanced logistics & distribution** (including final assembly on imported goods). Given Cowlitz County's close proximity to the Northwest region's major corridor (I-5) and access



to the Pacific Rim through two ports (Longview and Kalama), transportation-related businesses are a logical target. TIP believes the CEDC should pursue more advanced distribution and logistics providers — especially importers — requiring final assembly of products in the U.S.

- **Professional/technical services** (including engineering, testing, information technology, and regional headquarters). Targeting professional and technical services should be considered a primary recruiting activity for the CEDC's economic development efforts. The primary reason being the fact that this large, broad sector has displayed some of the healthiest employment and income gains over the last few decades as the U.S. transitions to a services providing economy. To this end, Cowlitz County will need to offer a high-quality “product” for prospects (i.e., Class A or tech/flex office space; quality housing; and excellence in the public schools). The plan proposes a two-phase strategy for focusing efforts on targeting professional, and technical service providers. The first phase envisions the establishment of a Cowlitz County-based business community primarily servicing local needs. The second, and far more ambitious, phase would entail positioning Cowlitz County to compete for regional investment and growth within this sector.



ECONOMIC DEVELOPMENT PLAN

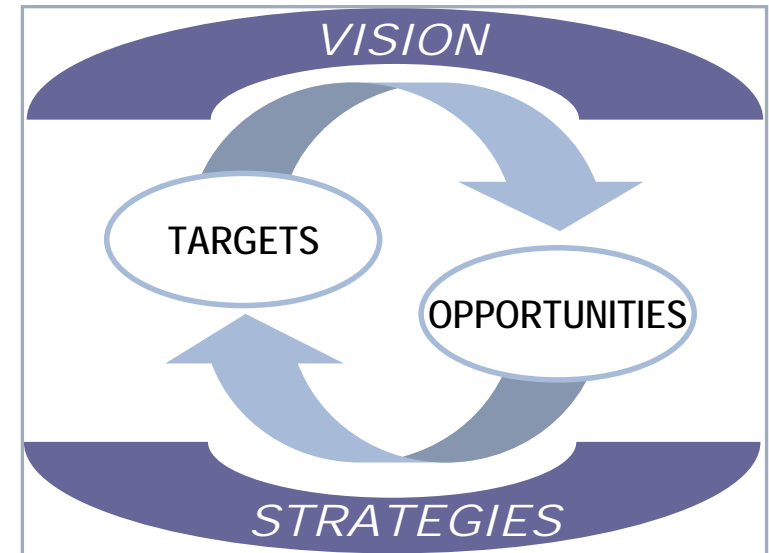
Vision

Economic development strategies must be driven by a clear vision. The practical value of this vision is in directing community resources. As a result, successful vision statements are bold, but provide an unambiguous direction and can be supported by goals and strategies. The following statement establishes such a vision for the CEDC's economic development efforts:

« Cowlitz County will transition from a natural resource dependent economy, embrace higher value projects, and raise its profile within a broader regional market. »

This vision statement presents a focus for the CEDC's economic development efforts with aggressive, yet attainable, goals. Cowlitz County will strengthen its relative position within the region and will be viewed as a destination for new development. Driving this process will be the targeted expansion of healthcare and professional/technical service opportunities. Finally, the CEDC and local partners will develop a high-end business and technology park along the I-5 corridor. This will assist it in attracting high-impact businesses for sustainable employment growth.

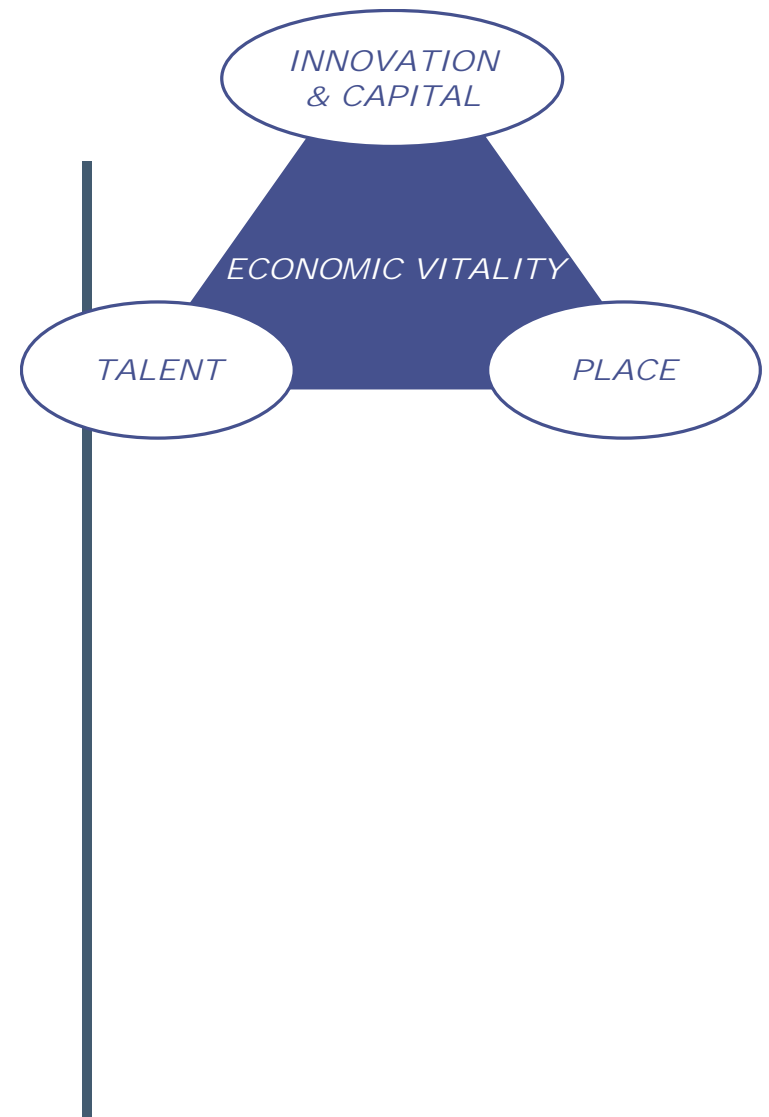
The CEDC will spearhead the implementation of this economic development strategy. Other public sector entities and regional partners, however, are also needed. A comprehensive economic development strategy -- as outlined below -- will require the full support of the entire Cowlitz County community, including business leaders and the public at-large. Further, TIP fully endorses a fundamental shift in economic development thinking -- one that reflects changes in the national economy. Such a change must include all elements of the county, from workforce to education to non-traditional growth sectors.



The following plan is comprised of four goals, encompassing initiatives to be met over the next three to five years:

1. Build resources and programs to improve economic development competitiveness.
2. Ensure adequate sites and infrastructure is in place to attract new businesses.
3. Raise awareness of economic development opportunities in Cowlitz County.
4. Promote and enhance quality of place.

Residents, business owners, area leaders, and other regional allies should understand that this plan is only a beginning for Cowlitz County. The issues that the area faces today did not arise overnight. In some cases, they have been building for decades. As such, the CEDC and its allies should focus on managing expectations for timely success. Immediate action can be taken on several recommendations. The overall success of the plan, however, hinges on sustained efforts leading to long-term opportunities that will diversify the local economy through high-quality development.



Goal 1 > Ensure adequate sites and infrastructure is in place to attract new businesses.

Area leaders should be continually reminded that “economic development is a marathon, not a sprint.” As such, sustained economic development efforts will be required. One of the most critical efforts will be continuing to ensure that adequate sites for industrial and business development are available. The area’s primary industrial area is the Mint Farm Industrial Park, which faces a number of challenges in attracting new industry. Each of the county’s other industrial sites is also in need of improvements to become competitive. Given Cowlitz County’s proximity to Portland and access to I-5, TIP also recommends the CEDC and area partners work to develop an employment center to attract services-oriented firms.

Strategies & Actions:

- 1.1 Enhance all county industrial sites.** One of the greatest constraints to economic development in Cowlitz is the lack of competitive sites: significant upgrades are required to make Cowlitz County industrial sites “shovel ready.” Moreover, a review of the development potential of all industrially-zoned land in the county will allow the CEDC to better understand where prospects may locate.
- 1.1.1. Continue to make improvements to the Mint Farm Industrial Park. Remove of any construction restraints, such as dealing with fill issues, drainage considerations, and infrastructure concerns.
 - 1.1.2. Work with the municipalities, ports, and the county to catalogue all industrial sites. A fresh database of available sites that determines their “shovel-readiness” will benefit the CEDC and developers.
 - 1.1.3. Continue to seek EDA funding to assist in infrastructure upgrades. The U.S. Economic Development Administration offers grants for the improvement of sites and industrial parks.

Definition: Shovel-Ready

A shovel ready site is one that is considered fully serviced by all utilities, fully permitted for the intended use, and offering no impediments for immediate development.



1.2. Establish an employment center along I-5. While the recommended improvements to the Mint Farm Industrial Park will go far in making the area more competitive for potential business expansions and relocations, Cowlitz County offers a dearth of sites with immediate access to the interstate. Over the mid- to long-term, the CEDC and local allies should work toward developing an employment center for high wage, service-oriented companies (e.g., professional and technical) to better position the area to attract business investment from the Portland region.

1.2.1. Create a task force to identify preferred sites. Establish an **Employment Center Site Task Force** (comprised of CEDC staff, city and county officials, port officials, business leaders, property owners, etc.) to build support for an employment center on I-5.

Specific Tasks:

- The Task Force should identify and prioritize appropriate sites for the development of the employment center, emphasizing sites located along the I-5 corridor. Each site should be evaluated according to infrastructure availability including electricity, natural gas, water/waste water, road, and telecommunications.
- Special consideration should also be given to the Port of Kalama's phase II expansion.

1.2.2. Determine ownership options. The Task Force should determine options for an employment center with consideration given to the development process, management, and ownership of the site, (i.e., publicly-owned and developed, or privately developed and managed).

- Public-sector ownership. In general terms, public sector ownership of the chosen properties would improve the area's ability to attract developers and provide significant flexibility in negotiating terms.

Concept: Employment Center



- Private-sector ownership. In this scenario, the public sector serves primarily as a facilitator. While the level of cooperation varies dramatically, this approach is most successful when the public sector has a clear vision of how it wants the properties to develop and uses public improvements to guide private investment. This can be accomplished by zoning and codes, by design standards, and by the scale and location of physical improvements – from roads to water and sewer.

1.2.3. Engage development community. Engaging the development community early in the process can help ensure that a project incorporates the most current thinking. TIP recommends the following:

Specific Tasks:

- Hosting a developers' forum to discuss relevant issues regarding the design, construction, or positioning of a project can provide guidance in the planning process. The event could be organized using a round-table format.
- Issuing a formal request for qualifications (RFQ) to local and regional developers for a site plan for one of the preferred development sites. The RFQ should ask developers to provide a concept plan that accommodates mixed use office/commercial projects.

1.2.4. Create a plan for the employment center. Once a concept is established for each development, the CEDC and allies should prepare and implement specific plans to guide development of the projects. The planning process should include a broad range of stakeholders, including public officials, citizens, and local employers — especially those who may be prospective tenants. The following elements should be considered in the plan:

- Barriers. Identification of barriers to development and, where possible, actions for alleviating them prior to marketing the property.



- Market. A market-driven approach that considers the competitive environment and helps determine the appropriate mix of uses at the time of construction.
- Funding. The full array of financing tools should be brought to bear on the projects from the creation of a tax-increment financing district to bond issues to general fund appropriations. Additional details on options must be linked to specific projects.
- Linkages. Consideration should be given to understanding the project's relationship to the rest of the area. Development plans must be coordinated with other relevant plans, including the comprehensive plan.
- Impacts. Performance standards should be developed for the projects, including: an analysis of associated traffic impacts; provisions for buffering of uses; and the incorporation of landscaping and sidewalks.

Specific Tasks:

- Engage the services of an individual or company with expertise in business park feasibility studies and with connections to the region's business community.
- Further refine the conceptual plans and determine specific infrastructure needs.
- Explore the feasibility of a Foreign Trade Zone and/or Freeport Tax Exemption for the proposed industrial park.
- Develop a business plan for the park, including operations, maintenance, targeted industries/tenants, and pricing structure for lots.

- 1.2.5. Create a marketing and recruitment strategy for the employment center. Once the site has been identified, the CEDC should vigorously market the proposed employment center. Target audiences for should include existing



businesses seeking to expand and regional developers. The first goal should be identifying an anchor business for the center.

Specific Tasks:

- Develop marketing material for the CEDC's website and coordinate the marketing of the employment center with the overall marketing campaign.
- As part of the existing business program, share the conceptual plan and marketing material with existing local businesses that would be a good long-term fit in the employment center.
- As part of the developer and broker networking program, share the business and/or industrial park(s) marketing material with these brokers and developers, and then with external business prospects.

1.3. Consider options for the former Reynolds plant. Conversations with the Port of Longview revealed that current uses have nearly filled the port's existing property to capacity. The former Reynolds plant, however, lies adjacent to the port. Over the long term, the facility or property could be reused for industrial development purposes. The following two courses of action should be considered.

1.3.1. Locate an occupant for the facility. Finding a new user for the former Reynolds plant may prove impossible, given the age and condition of the structure. This option, however, would require considerably less funding if an occupant can be recruited to the facility.

Specific Tasks:

- Meet with the existing property owner to ascertain whether the site needs mitigation.
- If not, work with the owner to conduct an assessment of the facility to better understand any problems (e.g., structural integrity, asbestos) that might detract from its reuse.



- If the facility is determined to be viable for other uses, create a marketing strategy for locating a new occupant.

1.3.2. Redevelop the site for other industrial uses. If the facility study determines that the former Reynolds plant is obsolete, proceed with a plan for redeveloping the site. This action should be conducted in close cooperation with the Port of Longview.

Specific Tasks:

- Conduct an assessment of the entire Reynolds site to determine whether it will require brownfield mitigation.
- If mitigation is required, seek assistance from the EDA for funding its reclamation.



Goal 2 > Raise awareness of economic development opportunities in Cowlitz County.

The CEDC should undertake a sustained internal and external marketing campaign to generate and promote a progressive image of Cowlitz County. Marketing, advertising, and building a brand are key ways to interact with the Cowlitz County's target audiences and should be viewed as an investment to achieve the goals within this plan.

As with all successful marketing, it is critical to identify target audiences and to focus efforts on them. The primary target audiences for the CEDC should be: 1) local leaders who can influence business location and other investment decisions, 2) key allies that could influence economic development prospects, 3) members of the region's real estate community, and 4) decision-makers at companies within target sectors, both nationally and internationally. The most important audiences, however, are the people and businesses who are already present in Cowlitz County as they have already made some level of investment (both financial and emotional) in the community. They are also the ones who represent Cowlitz County on a daily basis in their business and personal interactions. Making sure that existing residents and local business leaders have a positive image of their community is critical to the success of any external campaign: these are the people who can best tell the Cowlitz County story.

Strategies & Actions:

2.1. Initiate a marketing campaign focusing on the region and on target sectors.

The CEDC should develop an aggressive business attraction strategy with a view toward diversifying the tax base and easing the property tax burden on countywide homeowners. This effort should be closely coordinated with constituent communities and the county's ports.

The following are the target sectors for Cowlitz County:

- Specialized Manufacturing,
- Advanced logistics and distribution,
- Professional and technical scientific services, and
- Healthcare.

The importance of image

Marketing doesn't occur within a vacuum. No matter the amount of money spent promoting a product – whether soda pop or place – the image must be taken into account. A community's image is essentially the product of the experiences of both residents and visitors. For example, if a community were to tout itself as a destination for high tech firms, it must be able to deliver the necessary amenities for establishing that image, including nightlife, housing, recreation, and an open culture. This is because talent attraction is a critical component to the success of professional and technical service firms. We, therefore, highly recommend that any of the area's image problems must be taken care of before attempting to establish a brand that it is not capable of delivering on.



To be successful the CEDC and its economic development partners should implement a target marketing campaign with quality materials customized to the needs of these targets.

2.1.1. Build awareness in the greater Portland region and throughout the Pacific Northwest. The CEDC and its partners should focus awareness efforts using traditional media outlets through a combination of partner advertising and public relations as a complement to other marketing strategies.

Specific Tasks:

- Continue to place advertisements in the *Portland Business Journal*, *The Oregonian*, and other regional publications promoting both Cowlitz County and specific economic development opportunities (e.g., xxx). Advertisements should include a unified logo and highlight the specific projects. For print advertisement to be effective, however, it requires repeated exposure in the same market over sustained periods.
- Implement a public relations campaign targeted at regional publications. TIP recommends identifying regional publications and sending press releases about recent business successes. The initial press release should be to promote the success of the economic development plan and explain how local leadership worked together to determine the best opportunities for Cowlitz County.
- Participate in joint marketing activities with organizations that can refer prospect leads. Examples include regional economic development organizations as well as the PUD.

2.1.2. Focus marketing efforts on the region's real estate community. Beyond the regional awareness campaign, the CEDC should first focus its efforts on the region's real estate community. Given that Cowlitz County is on the northern fringes of the Portland metropolitan region, it only makes sense for the CEDC to establish and maintain relationships with the region's real estate community. Brokers and developers have the potential to be the greatest



source from which new business prospects will be introduced to Cowlitz County.

Specific Tasks:

- Update the CEDC's website.
- Maintain an inventory of available properties, especially those highlighted in this plan, on the new website with specifications regarding size, build-out, incentives, infrastructure, and timing regarding availability.
- Produce a digital information packet with a summary of Cowlitz County business highlights and contact information. Specific items to include:
 - Cover letter to answer specific questions and/or cover topics the contact desires.
 - Semi-annually updated fact sheet about Cowlitz County.
 - List of major employers both current and planned, especially those that are related to target sectors.
 - Unique features of the area, especially information regarding opportunity projects.
 - Copies of articles published about Cowlitz County.
 - New expansions and locations in Cowlitz County.
 - High-quality photographs of Cowlitz County.

- 2.1.3. Create local events to attract the interest of the real estate community. Engaging the region's real estate development community will be critical for Cowlitz County's long-term success. In order to ensure that developers have a clear understanding of the CEDC's goals and opportunities, it will require a regular and sustained outreach effort. Other than providing information on

Definition: Fam Tour

A fam (familiarization) tour is an event offered to site consultants, developers, and other economic development decision makers to acquaint them with what a community has to offer. These often are the best way to:

- *Showcase the community.*
- *Create a memorable and entertaining experience.*
- *Obtain interest in specific development opportunities.*
- *Build personal relationships with decision-makers.*



specific sites, the CEDC should hold periodic events designed to bring the development community to the area to see first-hand the opportunities. Such events will also give the CEDC a greater opportunity to uncover potential prospects while networking with real estate professionals.

Specific Tasks:

- Invite regional real estate brokers and developers to an annual *Economic Development Summit* to raise awareness of the progress Cowlitz County is making.
- Hold an annual *Developers' Tour* to promote on-going and future developments in Cowlitz County.
- Identify other parties that could refer leads to the CEDC and set up a visitation schedule with a focus on the Portland region. Examples include local and regional construction firms, real estate brokers, banks, and service firms (legal and accounting), and regional industry associations.

2.2. Establish a targeted marketing campaign to promote investment from target sectors and international markets.

2.2.1. Build awareness among decision makers in target sectors. Once materials and web site have been developed for Cowlitz County, a direct marketing campaign can be initiated. Specific recommendations include: producing one-page marketing summaries for each traditional target industry, creating a database of target companies, conducting a direct marketing campaign (direct mail and phone calls followed by visitation), and participation in key industry trade events.

Specific Tasks:

- Create database of companies in each target industry.
- Design marketing letters for each target industry.



- Initiate direct mail program to each target sector. Mailings should occur monthly and continue for at least six months.
- Initiate telemarketing campaign for appointment setting.
- Conduct four call trips per year (one each quarter) to regions where industry concentration is highest.
- Identify key industry associations for each industry sector.
- Develop in-house corporate intelligence program for each target industry.
- Participate in industry trade events.
- Track success of campaign using contact management system.
- Evaluate effectiveness of each marketing channel (e.g., mail-outs, telemarketing, and trade events) and adjust marketing activities accordingly.

2.2.2. Establish an international recruitment program. International recruitment requires sustained efforts carried out over a long period of time, including building personal relationships, becoming educated about the business culture of the target nation, and cooperating with regional partners. Given Cowlitz County's location, port facilities, and existing international companies, it is recommended that the CEDC focus its international recruitment efforts on Pacific Rim nations, especially Japan, South Korea, and China. Consideration should be given to hiring summer interns from Asia who are studying at regional universities to assist in this effort.

Case study:

The International Center of the Upstate

In response to the influx of international residents associated with the BMW plant in Greer, SC, this non-profit organization was established to assist international newcomers and promote cross-cultural understanding.

The center offers a wide range of programs and services including a relocation program, a global professionals group, a women's club, and a book club. The programs have made great strides in helping newcomers connect with the community, resulting in greater personal satisfaction and more successful relocations of employees in the region's international businesses.

*For more information, visit
www.internationalupstate.org*



Specific Tasks:

- Position Cowlitz County as an international community that welcomes international residents and visitors.
 - Inventory assistance programs available to international residents and visitors and make this resource available to employers and international families.
 - Identify leaders from the international community in Cowlitz County that could assist CEDC in recruitment efforts.
 - Continue to encourage Cowlitz County school districts to expand international curricula and programs.
- Establish close relationships with international firms already located in Cowlitz County to build trust and commitment from these employers. Focus efforts on the plant managers at these facilities.
 - Create an inventory of foreign-owned companies in the region to identify what countries have a presence in Cowlitz County.
 - Maintain regular contact with them through the Existing Industry Program.
 - Place a special emphasis on understanding cultural practices that may affect business recruitment strategies, location decisions, and workforce requirements.
- Maintain ties with contacts even if they take positions in their home countries or elsewhere. Plant managers for international firms are often on assignment at a facility for a short period to better understand their U.S. operations. Afterward, they are often promoted to a more senior position with greater influence on future investments by the company.



- Prioritize countries for business recruitment purposes based on which countries have a strong presence in the target industries, and incorporate these countries into target industry business attraction activities. Asian nations on the Pacific Rim appear to present Cowlitz County with the greatest opportunities for drawing international investment.
 - Leverage relationships with Cowlitz County employers and their global networks to identify and make contact with potential prospects in the priority countries.
 - Contact the corresponding consulates and trade commissions to begin networking, find contacts of potential prospects, and gather information on economic and other pertinent news.
 - Identify other organizations, including international chambers of commerce and export promotion organizations that may have contact with companies looking to expand.
 - Identify and participate in professional organizations and trade shows in the target industries in the priority countries.
 - Participate in or support periodic trips to the trade offices of the target countries, and visit with potential prospects.



Goal 3 > Promote and enhance quality of place.

Companies rely on the skills and talent of their workforce to gain a competitive advantage. Only recently have employers discovered that one way to attract skilled workers is by locating in communities with a strong sense of place. This is because communities offering amenities are natural draws for young talent. Cowlitz County has already demonstrated its commitment to understanding many of these issues, as evidenced by the Pathways 2020 initiative. For this, the area should be applauded.

Cowlitz County enjoys a number of “quality of place” assets, including abundant outdoor recreation opportunities. In addition, downtown Longview — with its well-planned street grid and handsome structures — has enormous potential. TIP believes that the opportunity for leveraging downtown should not be squandered. It is one of the county’s best opportunities for improving its image, especially among professional and technical services firms, as well as among those working in the healthcare industry.

Strategies & Actions:

3.1 Strengthen and leverage existing educational institutions, workforce development, and other training assets serving Cowlitz County. The importance of educational institutions and workforce training resources to economic development cannot be overstated. Employers must be assured access to trainable workers. At the same time, young adults, families with children, and even retirees are all drawn to locations that offer access to educational opportunities. As a result, support for local public schools and LCC should be seen as an essential economic development activity.

Area leaders should strive for excellence in education. Similarly, the outstanding local workforce training programs deserve the full support of the CEDC. This is especially important if Cowlitz County is to become competitive for higher wage technical jobs. For this to be achieved, Cowlitz County must be an attractive destination for regional talent, which would help the area retain existing employers and attract new industry.

Redefining PLACE

*Much has been written about the importance of **quality of life** to the site selection process. Communities throughout the nation have positioned themselves by touting their advantages in this regard—good schools, safe streets, pleasant weather. We agree these factors are important. We take issue only with the narrowness of the focus. Quality of life assumes that everyone thrives in the same environment and is attracted to the same amenities. It assumes that current residents’ view of what makes a community would be shared by all.*

*By contrast, **quality of place** considers what is attractive to a range of residents, both old and new. The idea of quality of place accommodates growth and recognizes the benefits of change. It recognizes that one person’s “good place to raise a family” might translate into another’s “there’s nothing to do in this town.” Quality of place is about providing options, not just for current residents, but for those who will be residents in the future.*



3.1.1 Continue to promote excellence in the public schools.

Specific Tasks:

- Enhance and expand existing partnerships between school districts and higher educational assets.
 - Establish a formal internship/apprenticeship program to aid in the transfer of vocational students to entry-level positions among existing industrial employers and targeted industries.
 - Explore opportunities for expanding existing college coursework credit programs in area high schools.
- Expand international programs at area high schools as a means for supporting Cowlitz County's long-term efforts of leveraging its position along the Pacific Rim, including the addition of Asian foreign language and cultural studies.

3.1.2 Expand workforce development and other training programs.

Specific Tasks:

- Assist the SWWDC in the facilitation of an annual *Cowlitz County Workforce Development Summit* to:
 - Better understand the county's labor force availability, talent assets, and training capabilities available for potential employers relocating to the county.
 - Maintain and solidify existing cooperative relationships between SWWDC, LCC, area school districts, and the business community.
 - Ensure that area businesses are made aware of workforce development incentives (e.g., customized training incentives, tuition reimburse tax credits) available to Washington businesses.

Case Study

Wichita Falls, Texas

In April of 2007, the Wichita Falls Board of Commerce and Industry (BCI) created a 26 member task force composed of representatives of major employers, workforce resources, training programs, K-12 education, higher education institutions, and economic development organizations in the region. The task force came together to identify issues, evaluate existing Workforce Development programs, seek peer city input and prioritize recommendations on ways to improve local workforce issues.

The result has been a closer matching of employer needs and target industries with regional training resources. In addition, several new initiatives have been launched to improve high school graduate work readiness and to educate students about technical careers.

For more information visit:

<http://www.wichitafallscommerce.com/WD/>



Coordinate closely with area training programs to match business needs in Cowlitz County.

- Continue to coordinate efforts with education and workforce training suppliers to enhance internship/apprenticeship programs (if demonstrated need is determined through workforce development conference). The purpose of these efforts should be to aid in the placement of vocational/technology students with area employers.
- Explore opportunities for the expanded coordination of internship/apprentice programs at the high school level with LCC.

3.2 Support the development of downtown Longview as a regional destination.

Downtown Longview offers Cowlitz County a unique opportunity to develop amenities attractive to younger professionals. During the last two decades, these workers have become increasingly interested in urban environments. Fortunately, downtown Longview was well planned during the first half of the last century and offers an impressive building stock. To date, however, there is little evidence that the resurgence in downtown revitalization, which has swept much of the country, has occurred in Longview. Communities around the nation, including many smaller than Longview, have seen their downtowns transformed into destinations for culture, entertainment, and urban living.

3.2.1 Support the revitalization of downtown Longview.

Specific Tasks:

- Continue to work with the City's *Downtown Advisory Committee* and other groups to improve downtown Longview.
- Determine the appropriate funding mechanisms and/or entities to lead revitalization efforts. For example, the State of Washington authorizes a host of programs for financing revitalization efforts, as well as tourism promotion (See http://www.mrsc.org/Subjects/Econ/ed_laws.aspx for more information).



- Encourage the City to support private and public efforts in developing a retail strategy for existing business and for the attraction of new specialty retail stores in downtown Longview.
 - Offer assistance in identifying funding sources for revitalization efforts.
- Consider establishing new special events, as well as support existing ones, to bring activity downtown (e.g. outdoor festivals, live music, outdoor movies, farmers market, crafts fairs etc.).
- Promote the establishment of a downtown market space to host local startup retailers, locally made arts and crafts, and locally grown agricultural products (e.g. monthly farmers' market/arts and crafts fair).

3.2.2 Support the establishment of an entertainment district anchored by a full-service hotel in downtown.

Specific Tasks:

- Meet with property owners and area residents to gauge support for the establishment of an entertainment district in downtown Longview. If the proposal receives a positive community reaction, the following tasks should be considered.
- Working with City planning staff and downtown business owners, identify the boundaries of the entertainment district.
- Encourage the City to designate the entertainment district with special zoning status (if necessary).
- Develop a conceptual site plan for the entertainment district as a means for promoting the idea to potential developers – both regional and national. The CEDC should include this in its marketing materials for the county.



3.2.3 Facilitate in the development of urban housing in downtown as a means for diversifying selection and appealing to professional talent.

Specific Tasks:

- Determine the area's housing demands, both current and projected, and encourage the City and developers to commit a percentage of new units to the downtown area.
- Encourage the City to develop policies and incentives to promote urban housing, including zoning changes and tax abatements.
- Encourage the City to work with building owners to conduct a survey of available space within the downtown area to determine available, unoccupied space that could be converted to loft-style housing.
- Encourage the City to identify parcels of land that would be suitable sites for infill development.
- Create an information packet, including an inventory of priority sites and area housing demand, to be distributed among developers working in the region and raise awareness of the City's commitment to downtown housing.
- Assist the City and property owners in developing marketing material to promote downtown Longview as a destination for urban housing in Cowlitz County.

3.2.4 Evaluate options for the development of publicly-owned sites.

Specific Tasks:

- Encourage the City, County, school district, and other entities to conduct surveys of publicly-owned land throughout the downtown area. The purpose of this survey is to assess the amount of surplus property not currently in use or on the tax roles.



- Once this has been completed, identify which might be sold or jointly developed. For example, properties adjacent to the Cowlitz County Expo Center might offer an attractive site for the development of a hotel.

3.3 Evaluate options for Three Rivers Mall. Interviews with area leaders revealed that the mall in Kelso has been struggling to maintain occupancy levels and sales. This situation is, unfortunately, no different than what is seen in other small market malls across the country, a retail format that appears to be falling out of favor to “big box” and lifestyle or mixed use developments. It is recommended, therefore, that the CEDC and area partners raise awareness of this issue and assist in determining a course of action for this important property. Not only is the mall a vital generator of retail sales in the area, it also occupies a strategically important site by offering access to I-5 and being located at one of the area’s key gateways. The following actions are meant to provide a preliminary outline of options for the mall.

3.3.1 Support the mall’s continued function as a center for retail activity within the area.

Specific Tasks:

- Assess the current status of the mall by approaching General Growth Properties to develop a coordinated approach for upgrading the facility. Failure of the mall would further erode Cowlitz County’s retail market share to Vancouver.
- Identify best options for attracting new investment (e.g. enhanced investment from General Growth Properties, new ownership and management) to upgrade current conditions.
- Investigate funding options for enhancing the viability of the mall, including the establishment of a CDC in Kelso.

3.3.2 Explore bringing more non-traditional occupants to the mall. Explore and evaluate alternative options, if needed, such as assisting in the relocation of non-retail uses to help generate traffic to the mall. For example, several malls



across the country have begun to see an influx of non-traditional tenants, such as college extensions and community centers. Already, the Kelso Library plans to lease space at the mall.

3.3.3 Facilitate the redevelopment of the mall site. Barring success in identifying new retail and/or nontraditional tenants to the mall, consideration should be given to the wholesale redevelopment of the site. Options for this would include the potential location for an employment center (see Strategy 2.2 on page 19) or big box retail use. In either case, the mall's location at such a strategic location necessitates careful planning for its redevelopment.

3.4 Implement a coordinated retail attraction strategy. In addition to providing a source of tax revenue, retail is increasingly seen as an amenity without which other economic sectors find it difficult to recruit workers. While traditional theory sees retail as a spin-off effect from the manufacturing sector, many successful communities now recognize that a thriving retail sector helps attract large employers to a region. The CEDC should work with the cities and other relevant groups to coordinate efforts for identifying appropriate retail targets and ensuring that developments already proposed are positioned to attract higher-end and specialty retail. Within this strategy, the revitalization of Three Rivers Mall must be a priority.

3.4.1 Identify relevant stakeholders and establish retail working group. The consulting team recognizes that retail recruitment is not an accepted economic development target and is likely to meet opposition. As a consequence, we recommend that the CEDC form a working group of interested stakeholders to work on this strategy. This group could include representatives from the chambers, downtown advocates, local developers, as well as tourism-related organizations. To avoid siphoning support from similar initiatives already in place, the CEDC should identify existing groups that may be able to take on this function or be refocused to include this charge.

3.4.2 Conduct retail market analysis. The CEDC should conduct an assessment of Cowlitz County's retail market area to help area leaders better understand



the current state of retail in the region and examine opportunities for future expansion. This research should analyze consumer expenditure patterns in the area, document the needs of existing retailers, identify current “gaps,” “leakages” occurring to Vancouver, and opportunities for retail development in the region, and provide information on site location factors for existing and potential retailers.

- 3.4.3 Identify appropriate retail targets. Using the findings from the retail market analysis, the CEDC should develop high-profile targets based on the ability of those retailers to attract dollars from outside of the region (i.e., other than local service providers such as dry cleaners and car washes). While some recruitment efforts may be aimed at the retailers directly, the core of this strategy should be focused on retail developers who represent these tenants.
- 3.4.4 Identify development sites for retail clusters. The CEDC and its partners should identify specific sites for high-end retail development and help minimize barriers to development, where appropriate. For example, planning for infrastructure to be completed for key sites to facilitate negotiations with potential tenants.
- 3.4.5 Link retail and tourism. Retail development must be viewed with an eye towards capitalizing on the area’s tourism potential. Cowlitz County has a number of assets in this regard—most notably the presence of Mount St. Helens. Regional tourism initiatives must be treated as a retail strategy. In other words, attracting tourists only benefits Cowlitz County directly if the local governments have a mechanism for capturing retail sales dollars.

- 3.5 Promote outdoor recreational opportunities.** Thanks to its geography, Cowlitz County residents and visitors have access to a number of outdoor recreational opportunities and amenities. Chief among these is proximity to Mount St. Helens, a nationally and internationally renowned site. Moreover, the area’s varied topography, forests, and rivers provide multiple opportunities for outdoor activities, including hiking, biking, and fishing. These assets not only serve to meet the demands for leisure activities of local residents, but they can also provide opportunities for



increasing interest from tourists. Tourism should not be considered solely as a means for increasing local retail spending. It can also serve a more strategic purpose: talent attraction.

3.5.1 Continue to leverage Mount St. Helens as a major destination.

Specific Tasks:

- Highlight Mount St. Helens in all marketing materials promoting the area, as this is a nationally known monument and can assist in establishing Cowlitz County's brand by distinguishing it from the competition.
- Interviews in Cowlitz County revealed that budget cuts had forced the U.S. Forest Service to abbreviate the amount of time that its visitors' centers are open. Determine the feasibility of offering local assistance, either financial or through volunteers, to keep these centers open for longer periods.

3.5.2 Reclaim the Cowlitz River. A keystone in many communities' efforts toward urban revitalization and building sense of place has been the reclamation of their historic riverfronts. Currently, the Cowlitz River appears to be an afterthought in the minds of area residents. We believe that it offers the ideal location for the development of a riverfront park. Targeted outdoor activities along the Cowlitz might include expanding existing bicycle and jogging paths.



IMPLEMENTATION

Build resources and programs to improve economic development competitiveness.

Increasing the capacity of the CEDC to carry out its mission as an economic development organization should be a top priority. Throughout the U.S., and especially in the South and increasingly the Midwest, economic development organizations operate with far greater resources than the CEDC. Much of the reason for this discrepancy can be attributed to state-imposed limitations on economic development organizations in Washington. The CEDC should, however, seek creative solutions to work around these restrictions, including identifying opportunities for increased cooperation with area partners and regional allies from both the public and private sectors.

- 1.1. **Increase funding to the CEDC.** Current funding for CEDC is insufficient to fully implement this plan. As a consequence, a capital campaign should be launched as early as possible. Sources to consider include: increased funding from CEDC members, state and federal sources, as well as foundations. Moreover, the dedication of a special sales tax for economic development should be considered. Regardless of the source, the CEDC should make clear that additional funding will be dedicated to specific projects outlined within this plan.
 - 1.1.1. Use the roll-out of this plan to initiate a capital campaign. TIP has found that the roll-out of a plan is often the most effective means for announcing the launch of major economic development initiative. Invitees should include the public, the local business community, and regional allies and partners (e.g., area cities and ports, Cowlitz County Public Utility District (PUD), Washington Department of Commerce). The tone of the event should be positive and upbeat to build excitement about a new chapter in Cowlitz County's development. Emphasis should be placed on the transition from a natural resources dependent economy to a focus on higher quality and higher value developments.



Specific Tasks:

- Conduct a public relations campaign to raise awareness immediately after the roll-out.
- Immediately meet with local and regional partners to raise awareness of initiatives included within this plan, receive feedback, and enlist support.
- Plan follow-up events with stakeholders from the local area, as well as strategic partners from throughout the region.

- 1.1.2. Pursue outside financing to fund the economic development program and specific initiatives. A number of avenues for funding exist, including state and federal agencies, as well as private employers from within the region.

Specific Tasks:

- Invite representatives from state and federal economic development organizations to visit Cowlitz County. Specifically, the CEDC should invite representatives from the Department of Commerce and the Economic Development Administration. The purpose of this meeting will be twofold: 1) raising awareness of Cowlitz County, and 2) understanding funding options for specific opportunities and initiatives.
- Consideration should also be given to submitting this plan as a formal CEDS (see text box to the right). While an existing CEDS exists for the Cowlitz-Lewis Economic Development District, consideration should be made for developing a CEDS unique to Cowlitz and/or its component communities.

- 1.1.3. Work with local taxing entities to develop a strategy for adopting a local sales tax to provide a dedicated economic development funding stream to the CEDC. For example, Port of Walla Walla manages an Economic Development Sales Tax fund with Walla Walla County.

Definition: CEDS

*A **comprehensive economic development strategy (CEDS)** is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen regional economies. The CEDS should analyze the regional economy and serve as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action, and identifying investment priorities and funding sources. A CEDS integrates a region's human and physical capital planning in the service of economic development. Integrated economic development planning provides the flexibility to adapt to global economic conditions and fully utilize the region's unique advantages to maximize economic opportunity for its residents by attracting the private investment that creates jobs for the region's residents. A CEDS must be the result of a continuing economic development planning process developed with broad-based and diverse public and private sector participation, and must set forth the goals and objectives necessary to solve the economic development problems of the region and clearly define the metrics of success. (Source: EDA)*



1.2. Expand the CEDC's economic development toolkit. Economic development organizations provide a wide range of services on behalf of their communities. At the most basic level, they provide information on their communities to prospects making location and facility planning decisions. Some of the more complex organizations provide such services as entrepreneurship assistance, development services and financial incentives.

1.2.1. Develop internal resources. An effective program uses effective tools. The most basic is a formal incentives policy. Another is a detailed and complete database of available sites. These will prove useful in expanding Cowlitz County's regional image. Finally, it will be critical for the CEDC to identify new funding sources.

Specific Tasks:

- Review existing incentives policies to determine their suitability to the CEDC's new target industries. While various industries will have differing requirements, TIP suggests establishing a formal baseline for the use of incentives. Additional incentives should be crafted based on the needs of specific target industries. Moreover, the CEDC should make clear that incentives are available to both recruitment prospects and existing businesses. TIP suggests the a baseline policy such as the following:
 - Amount of capital investment (to diversify and expand Cowlitz County's tax base),
 - Number of new jobs
 - Wages meeting a threshold of 110% of median family income,
 - Location in a desired development areas (as evidenced by existing and planned infrastructure),
 - Site plan characteristics that meet city and county planning guidelines

Incentives

Formal incentives policies should be carefully crafted in a transparent manner to ensure that they yield a net benefit to area taxpayers. The following principles should be considered when establishing a policy: 1) the targeted investment would not occur without the incentive and 2) the investment should generate new economic activity in the area instead of displacing existing businesses.

When creating an incentives deal for a particular prospect, we recommend the following: 1) a statement demonstrating how the proposed incentive relates to broader economic development strategies, 2) a formal cost/benefit estimate weighing the estimated direct/indirect benefits (e.g., tax base enhancement, increase in retail sales, increase in wage rates) to the incentive costs (e.g., tax abatements, training subsidies, infrastructure improvements) associated with a particular deal, and 3) a "clawback" agreement that guarantees the recovery of incentives funds if the firm makes fewer hires or investment expenditures than promised.



- Continue to improve efforts at building an information clearinghouse for companies seeking to expand or relocate to Cowlitz County. The CEDC and its local allies should continue to pay particular attention to tools that are web-enabled. Much of the site location process now occurs through internet research, and web-based tools are essential. This task includes the following activities.
 - Continue to maintain a database of available properties in Cowlitz County, paying particular to sites with the greatest strategic potential.
 - Work with regional partners to develop a geographic information system (GIS) to allow for the display of multiple layers of information (e.g. infrastructure availability, zoning, topography) on properties in Cowlitz County. Consideration should be given to partnering with cities, Cowlitz County, the ports, and other public sector entities in developing the system.
 - Use GIS software to assist in researching and identifying utility availability at major development sites in Cowlitz County, including the Mint Farm.
 - Provide printable maps, highlighting major developments in Cowlitz County.
 - Continue to provide site location and analysis assistance services to companies that might relocate to Cowlitz County.
- Increase CEDC staff levels to assist in implementing this plan.



1.2.2. Identify areas of collaboration and assign responsibilities to allies. Several recommendations in this plan require support from other entities. As such, it is highly recommended that the CEDC ensure greater involvement from local and regional allies.

Specific Tasks:

- Provide presentations on specific initiatives proposed in this plan to area allies. For example, certain proposed initiatives (e.g., the potential redevelopment of Three Rivers Mall) will require that the ally take the lead on the project.
- Negotiate a memorandum of understanding or agreement with allies, requesting they formally adopt the portion of the plan they might be responsible for enacting.

1.3. **Support the startup, retention, and expansion of businesses.** In the context of the private sector, a business retention program is like the adage that says you must attend to your existing customers first. Without that, you jeopardize your base. Focusing on existing business should be the heart of any economic development program. This is especially true in light of the recession, where there will be fewer recruitment prospects and more existing businesses in distress.

A business retention and expansion (BRE) program helps the economic development organization develop a clear understanding of the businesses already in the community and helps keep tabs on challenges they face. The primary functions of a BRE program are threefold: 1) to ensure that at-risk businesses receive support, especially when that risk is the result of labor issues or other factors the community can influence; 2) to expand and support growing businesses; and 3) to act as an ombudsman for local businesses generally.

1.3.1. Enhance business retention and expansion efforts. Building awareness of the needs that existing employers have, and developing policies and mechanisms to support local business and industry, is a must. Local companies are the most reliable source for creating new jobs. Given the

The importance of connections

Helping local businesses connect to trade associations, think tanks, academic institutions, and other similar companies is a key element of the economic gardening approach introduced by Littleton, Colorado:

We are aware of research in network theory that indicates that an increase in the number of business connections increases the innovation levels of companies. In particular, "weak ties" to "hubs" outside a business's normal daily connections are important for bringing in new ideas.

We have made a point of connecting our businesses to our local community college and the University of Colorado, as well as the work of interesting research organizations like The Santa Fe Institute and The Colorado Issues Network.

<http://www.littletongov.org/bia/economicgardening/>



ongoing national recession, it is critical that the CEDC and area partners understand how local issues affect the competitiveness of local industry.

Specific Tasks:

- Build and maintain an inventory of local businesses to: 1) ensure an understanding of types of businesses in the community and 2) keep tabs on expansions and layoffs.
- Place periodic calls with existing employers to uncover potential opportunities for local expansions. These meetings should also serve to make existing employers aware of technical and financial assistance programs.
- Create an annual survey of area businesses to keep tabs on opinions of the area's business climate. Evaluate options such as a mailer, flyer in the local newspaper, or an on-line survey. Internet technology has made conducting surveys and questionnaires much easier and cheaper than in the recent past. Several internet applications, such as Survey Monkey (www.surveymonkey.com), are appropriate for this purpose.
- Make sure that local businesses and industries remain aware of technical and financial assistance programs.
- Act as a liaison between area workforce development providers and existing businesses to ensure local employers are aware of available training resources. Additionally, the CEDC should communicate the needs of local business to workforce development and training providers.

1.3.2. Have an intervention strategy. Partner with area partners (e.g., SWWFD and Work Source) in coordinating "rapid response" efforts for dealing with potential layoffs or plant closures. Under the Federal Worker Adjustment and Retraining Notification Act (WARN) of 1989, companies with 100 or more employees must notify local governments and state workforce organizations about plant closings or mass layoffs at least 60 days in advance of the event.

A bird in the hand

The expansion and retention of existing businesses should be at the heart of any economic development strategy. Existing businesses form the backbone of a thriving economy. They typically represent the best opportunity for increasing the employment and tax base of a community and the greatest economic threat if they close or relocate. But local firms are often overlooked in a community's enthusiasm to recruit new, headline-generating businesses.

Given the fiercely competitive environment for business attraction and the myriad of issues facing most communities with regard to the recruitment of new business, business retention should be a baseline activity for economic development organizations. In other words, all other initiatives, including business recruitment, should be considered in light of their ability to complement and support the existing business network.



However, at this point, it is frequently too late to do anything. Identify “at-risk” companies early-on and develop an aggressive intervention strategy. As part of this effort, the community should identify the tools available to help avert such actions or ameliorate their impact.

Examples of these tools include:

- The manufacturing modernization services offered through the U.S. Department of Commerce's Manufacturing Extension Partnership (MEP) program.
- State and local workforce development boards' rapid response teams to provide assistance to workers facing dislocation.
- Relationships with site selectors, developers, and real estate brokers to ensure prompt reuse of a closed facility by a new tenant.

To be effective, intervention must occur early. As such, this strategy relies heavily on the information-gathering steps outlined above.

- 1.3.3. Support the startup of new businesses in Cowlitz County. Across the nation, economic developers have embraced entrepreneur development as a means of promoting economic diversification and stimulating economic growth. The reason for this interest in entrepreneurs is two-fold: 1) an economic transition in the U.S. that has created more market opportunities for entrepreneurs and 2) the recognition that entrepreneurs can be more deeply rooted in their communities, which increases both their economic and social impacts.

Cowlitz County's proximity to Portland should be treated as unique assets for fostering and enhancing a culture of entrepreneurship.

Specific Tasks:

- Establish an *Entrepreneurship Forum* where individuals can network and discuss key issues relevant to their efforts.

Case Study

The Entrepreneurs' Organization

The Entrepreneurs' Organization is world-wide network of entrepreneurs whose mission is to “engage leading entrepreneurs to learn and grow.” The organization offers a wide range of services including executive education, events, an online exchange, and mentorship. One of its most successful programs is the Forum. Local chapter forum organizers assign members to peer forums of 8 to 12 business owners for peer-to-peer learning and support. Members are assigned to forums to ensure a good mix of business owners and avoid the inclusion of competitors in the forum. Through monthly forum meetings, participants explore business issues in a confidential, supportive atmosphere and share lessons learned.

For more information, visit: www.eonetwork.org



- Meet semi-annually with current and potential entrepreneurs in Cowlitz County to better understand issues affecting their business decisions and provide networking opportunities for area professionals and emerging entrepreneurs. Include all area taxing entities and potential partners.
- Focus entrepreneurship and business investment programs on target industry sectors (healthcare; professional and technical scientific services; advanced logistics; and specialized manufacturing).
- Advocate for entrepreneurs by facilitating local government assistance and help address issues and challenges.
- Sponsor an annual awards program for area entrepreneurs to provide an enticing incentive/award for the most innovative concept.
- Offer entrepreneurship training courses such as **FastTrac** or **NxLevel** that provide intensive training for potential entrepreneurs. Certify CEDC staff in these training courses.
- Support the creation of a youth entrepreneurship education program in the public schools.
- Develop a mentor network to match entrepreneurs with experienced executives.
- Establish an information clearinghouse to aid entrepreneurs in gaining competitive information, market research, and assistance.

Training Curricula

*One popular entrepreneurial training program is **FastTrac**. Founded by the Kauffman Foundation of Kansas City, Missouri, FastTrac is a boot camp for entrepreneurs. According to the foundation's materials, 70 percent of companies that go through the program succeed beyond three years – the oft-touted threshold by which the majority of small businesses fail. The program can be brought to any town provided there is an organization willing to become certified to teach the program.*
<http://www.fasttrac.org/>

*Another popular program is **NxLevel**, a curriculum developed by the University of Colorado at Denver. NxLevel includes 7 different curriculum tailored for different types of entrepreneurs. Since 1996, over 80,000 students have participated in NxLevel trainings. A third-party evaluation of the program shows that over 90 percent of business start-ups that participated in the program were still in business after 3 years. The program is taught by certified trainers in over 600 communities in 48 states.*
<http://www.nxlevel.org/>



Plan Implementation Timeline

GOALS & STRATEGIES	TIMELINE >>						
	ON- GOING	0-6 mos.	6-12 mos.	Yr. 2	Yr. 3	Yr. 4	Yr. 5
Goal 1 >> Ensure adequate sites and infrastructure is in place to attract new businesses.							
2.1 Continue to make improvements to the Mint Farm Industrial Park.				X	X		
2.2 Establish an employment center along I-5.					X	X	
2.3 Consider options for the former Reynolds plant.							X
Goal 2 >> Raise awareness of economic development opportunities in Cowlitz County.							
3.1 Initiate a marketing campaign focusing on the region and target sectors.				X	X		
3.2 Establish a targeted marketing campaign to promote investment from target sectors and international markets.					X	X	
Goal 3 >> Promote and enhance quality of place.							
4.1 Strengthen and leverage existing educational institutions, workforce development, and other training assets serving Cowlitz County.	X						
4.2 Support the development of downtown Longview as a regional destination.				X	X		
4.3 Evaluate options for Three Rivers Mall.				X	X		
4.4 Implement a more coordinated retail attraction strategy.					X	X	
4.5 Promote outdoor recreational opportunities.						X	X
Implementation >> Build resources and programs to improve economic development competitiveness.							
1.1 Increase funding to the CEDC.		X	X				
1.2 Expand the CEDC's economic development toolkit.			X				
1.3 Support the startup, retention, and expansion of businesses.	X						



APPENDIX A – DATA ANALYSIS

The primary goal for the following assessment is to arrive at a common understanding of Cowlitz County's unique economic strengths, weaknesses, opportunities and threats. This analysis is expressed in the context of the regional and national economies as a means for understanding the county's relative position and highlighting its latent and potential competitive advantages.

SWOT

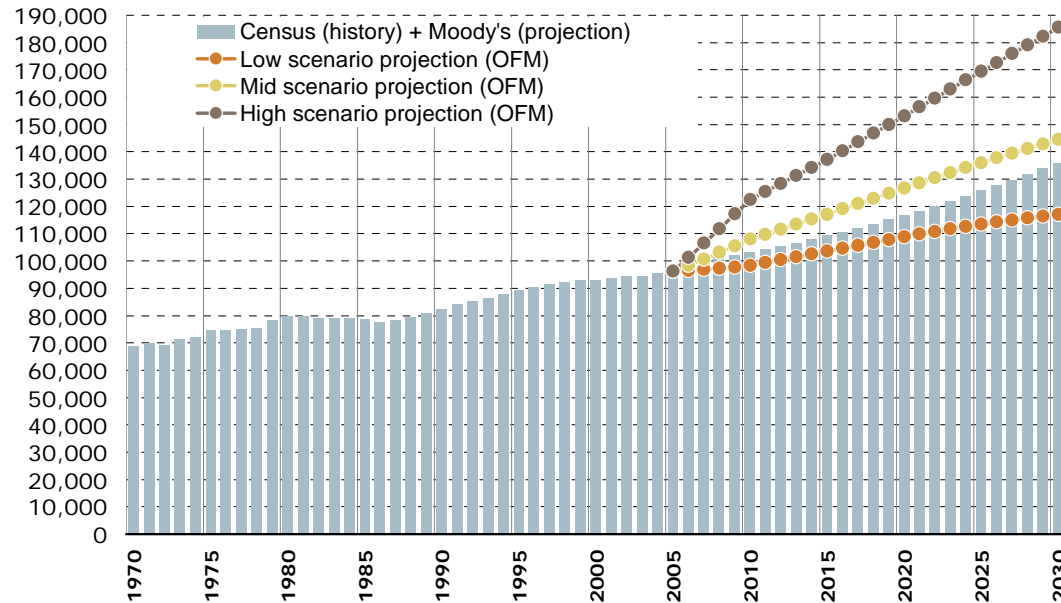
TIP conducted an economic development SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats) for Cowlitz County, based on a review of economic and demographic characteristics, interviews with local/regional business and community leaders, and our experience working with communities across the country. The following table captures the major findings from this analysis:

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> ✓ Proximity to Portland ✓ Location on Interstate 5 between Portland and Seattle ✓ Access to Pacific Rim ✓ Deepwater Ports of Longview and Kalama ✓ Large blue-collar workforce ✓ Outdoor recreation & Mount St. Helens 	<ul style="list-style-type: none"> ✓ Leveraging I-5 and proximity to Portland ✓ Business and industrial site development ✓ Light industry ✓ Professional & technical services growth ✓ Entrepreneurship ✓ Growth in healthcare ✓ Recreational tourism & retail ✓ International investment
WEAKNESSES	THREATS
<ul style="list-style-type: none"> ✓ Industrial and commercial development sites ✓ Lack of economic development resources and incentives ✓ Relatively small professional services employment base ✓ Lack of unified county vision 	<ul style="list-style-type: none"> ✓ Slow population growth and limited employment growth ✓ Aging population ✓ Loss of young talent ✓ Inability to attract new private investment ✓ Loss of existing professional and technical employment ✓ Industrial energy costs are likely to rise



HISTORICAL POPULATION & PROJECTIONS

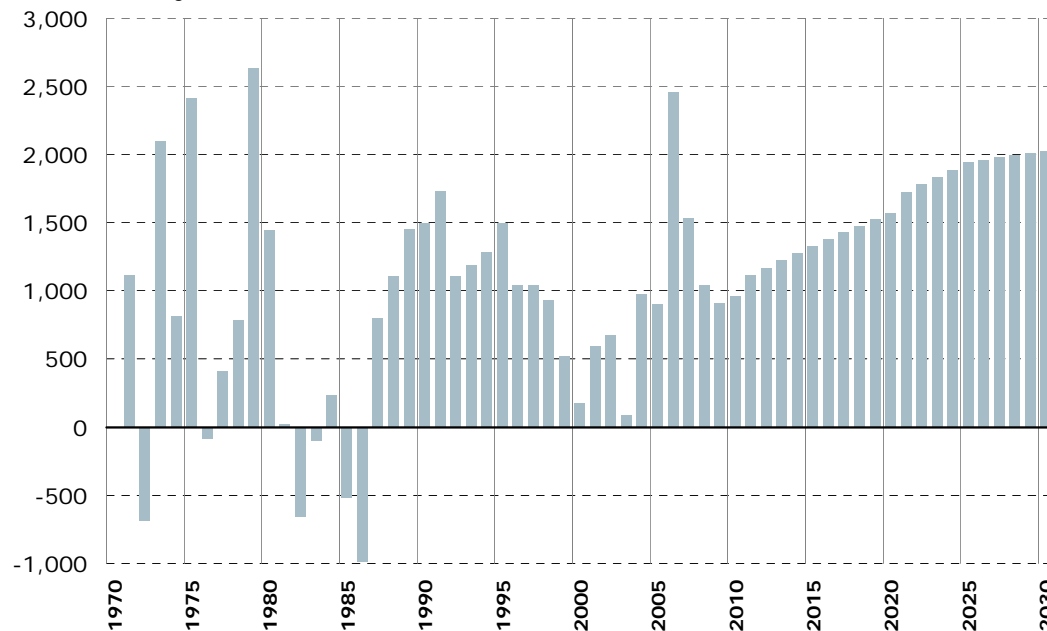
Cowlitz County



SOURCE: U.S. Bureau of the Census (history); Moody's Analytics (2009 projection); Washington Office of Financial Management (2007 scenario projections)

NET POPULATION CHANGE

Cowlitz County



SOURCE: U.S. Bureau of the Census (history); Moody's Analytics (2009 projection)

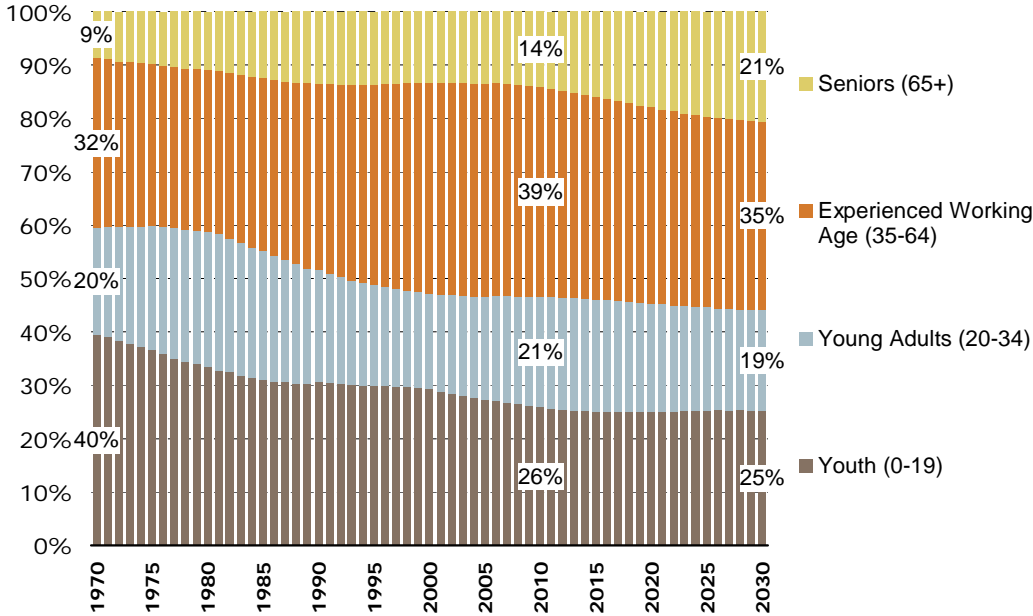
Population growth trends

- The population of Cowlitz County passed 100,000 for the first time in 2007, according to estimates provided by the U.S. Census Bureau. This represents an average growth rate of nearly 1,000 people a year since 1970.
- Private data provider, Moody's Analytics projects that the county's population will rise to 135,000 in the next 20 years. This is a relatively conservative estimate, falling somewhere between the low and medium growth scenarios that the Washington Office of Financial Management projected in 2007, just before the current recession set in.
- Moody's projections show the county's population rising at a rate near its historical average of 1,000 people per year in the short term, with this rate accelerating over time to about 2,000 annually.
- A population increase of 2,000 per year in Cowlitz County is not without precedent. It happened three times in the 1970s and once in the past decade, but it has never occurred at a sustained pace in consecutive years.



AGE TRENDS

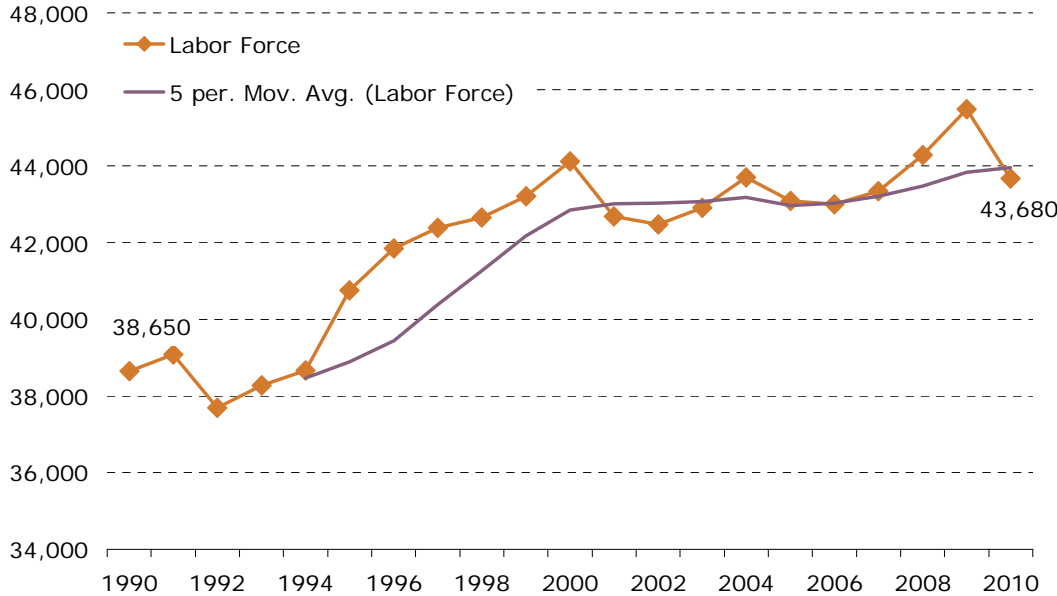
Cowlitz County



SOURCE: U.S. Bureau of the Census (history); Moody's Analytics (2009 projection)

CIVILIAN LABOR FORCE, MONTH OF MARCH

Cowlitz County



SOURCE: Washington State Employment Security Department

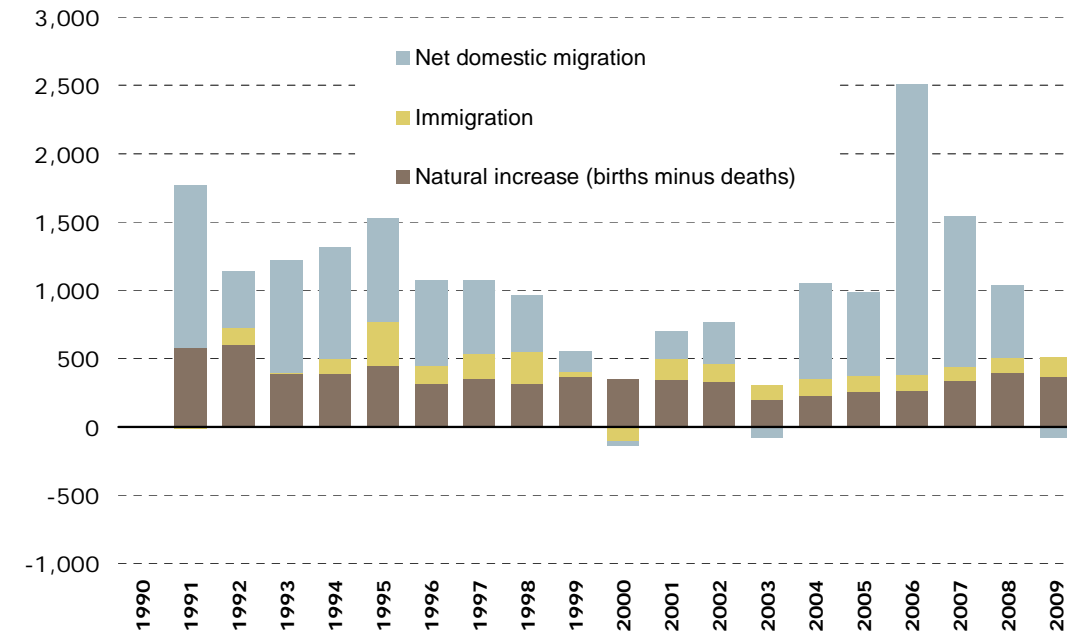
Age & labor force trends

- In 1970, Cowlitz County had four residents under the age of 20 for every resident age 65 or over. The county's demographics have shifted, however, following a trend that has occurred nationwide. That 4:1 ratio from 1970 has slipped to less than 2:1 today, and by 2030 it will be approaching 1:1.
- Currently, Cowlitz County's age structure is remarkably similar to the nation as a whole with near identical percentages of its population among the four age groups in the chart to the left.
- The median age in the local area was 37.2 years in 2008 (the latest date for which this figure is available). By comparison, the statewide median age is 37.3 years, and nationally it is 36.9 years.
- While the county's population grew during the last decade, its labor force remained relatively stable. Only from 2008 to 2009 did Cowlitz see a sizable jump. Over the last year, the labor force fell back to its "normal".
- This lack of labor force growth — in spite of a growing population — could be an indicator that the county's aging population will eventually begin to place constraints on the supply of workers to local employers.



COMPONENTS OF POPULATION CHANGE

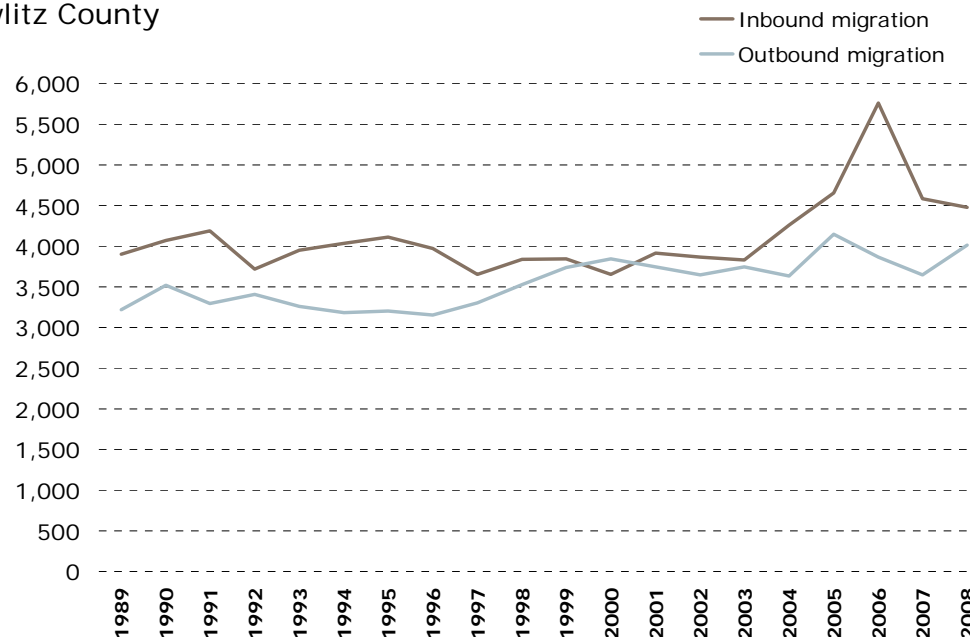
Cowlitz County



SOURCE: U.S. Bureau of the Census (history); Moody's Analytics (2009 projection)

INBOUND & OUTBOUND MIGRATION PATTERNS

Cowlitz County



SOURCE: U.S. Internal Revenue Service; Moody's Analytics

Components of change

- Cowlitz County's natural increase, i.e., the surplus of birth certificates over death certificates, holds fairly constant over time. The volatility in population growth stems from domestic migration.
- It was domestic migration that caused the growth surge in the 1990s as well as the one in the past decade. The most recent U.S. Census Bureau estimates for 2009, however, show this pattern reversing again, with more U.S. citizens moving out of the county than moving in.
- Immigration, the third component of population growth, is the smallest contributor to Cowlitz County's population change and is generally less volatile than net domestic migration.
- The IRS also aggregates migration at the county level based on the number of exemptions and geographic location (county) of filing of personal tax returns in a given year compared to the previous year.
- The pattern in the IRS data tracks the cyclical timing of the U.S. Census Bureau's estimates with remarkable accuracy.

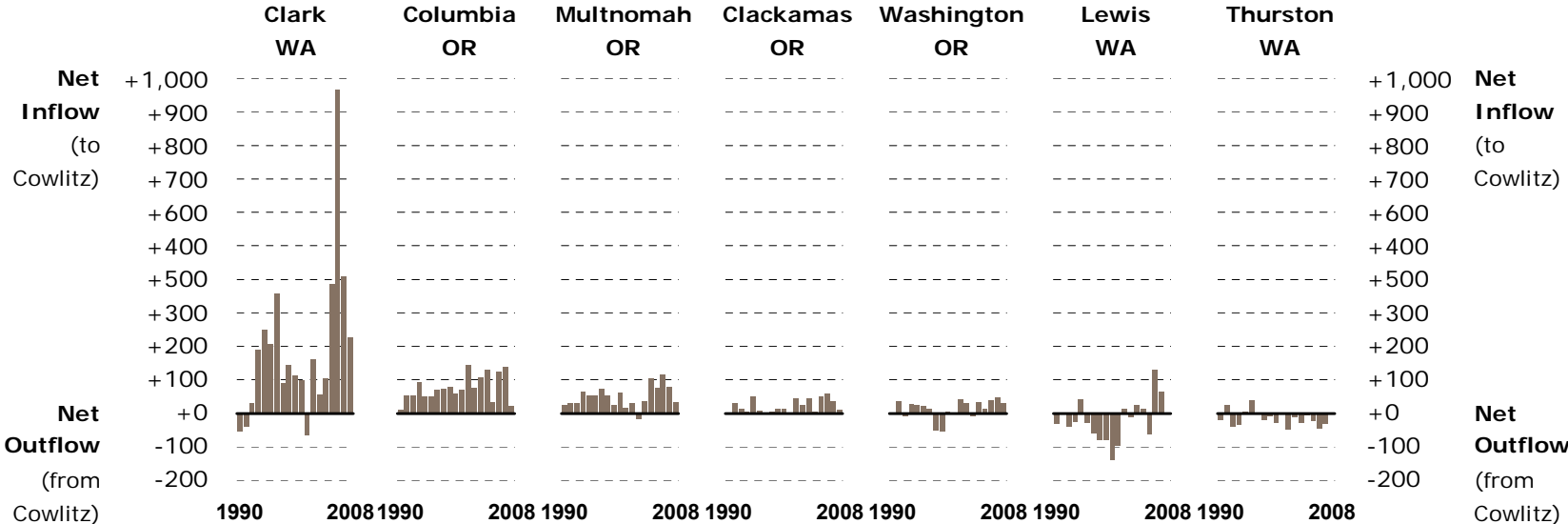


Migration patterns

- Cowlitz County draws about half of its net in-migration from Clark County in any given year. It is the biggest source, by far, for Cowlitz County's population growth.
- Columbia and Multnomah counties (both in Oregon) have also been steady contributors to the local area's population growth, though at a much lower level than Clark County.
- Over time, Cowlitz has lost residents by net out-migration to Lewis and Thurston counties in Washington. Out-migration to Thurston has been steady, though modest in number. Migration patterns with Lewis County, however, have shown signs of reversing in recent years, with Cowlitz netting more new residents than it loses.

MAJOR MIGRATION PATTERNS WITH OTHER COUNTIES

Cowlitz County



SOURCE: U.S. Internal Revenue Service (accessed via Moody's Analytics)



INBOUND AND OUTBOUND COMMUTING PATTERNS

Cowlitz County

INBOUND

	2002	2003	2004	2005	2006	2007	2008	TREND*
Total jobs in Cowlitz County	34,346	33,991	34,226	34,881	35,587	36,006	35,852	◀▶
Live & work in Cowlitz County	25,680	25,125	25,162	25,221	25,633	24,345	24,293	◀▶
Total inbound commuters	8,666	8,866	9,064	9,660	9,954	11,661	11,559	▲
from Clark County, WA	2,979	3,152	3,262	3,702	3,866	4,139	4,069	▲
from Columbia County, OR	1,110	1,053	1,012	968	1,053	944	1,044	◀▶
from Lewis County, WA	955	959	926	932	848	1,127	1,039	◀▶
from King County, WA	435	450	438	500	528	829	976	▲
from Pierce County, WA	569	605	625	625	699	750	786	▲
from Thurston County, WA	397	429	432	526	527	593	504	▲
from Multnomah County, OR	273	318	329	330	314	354	370	▲
from all other locations	1,948	1,900	2,040	2,077	2,119	2,925	2,771	▲

OUTBOUND

	2002	2003	2004	2005	2006	2007	2008	TREND*
Total employed residents in Cowlitz County	38,825	38,930	39,965	40,486	41,621	43,460	44,887	▲
Live & work in Cowlitz County	25,680	25,125	25,162	25,221	25,633	24,345	24,293	◀▶
Total outbound commuters	13,145	13,805	14,803	15,265	15,988	19,115	20,594	▲
to Clark County, WA	3,297	3,455	3,732	3,890	4,056	4,769	4,552	▲
to King County, WA	2,202	2,215	2,434	2,451	2,461	2,894	3,290	▲
to Multnomah County, OR	1,598	1,545	1,575	1,621	1,663	1,819	2,007	▲
to Pierce County, WA	1,042	1,185	1,207	1,319	1,323	1,641	1,749	▲
to Lewis County, WA	709	715	787	836	950	923	1,007	▲
to Thurston County, WA	717	729	748	708	836	982	938	▲
to Columbia County, OR	510	515	512	457	650	643	715	▲
to all other locations	3,070	3,446	3,808	3,983	4,049	5,444	6,336	▲

NET COMMUTER FLOWS

	2002	2003	2004	2005	2006	2007	2008	TREND*
Total net commuter flows into Cowlitz County	-4,479	-4,939	-5,739	-5,605	-6,034	-7,454	-9,035	▲
net balance with Columbia County, OR	+600	+538	+500	+511	+403	+301	+329	▼
net balance with Lewis County, WA	+246	+244	+139	+96	-102	+204	+32	▼
net balance with Thurston County, WA	-320	-300	-316	-182	-309	-389	-434	▲
net balance with Clark County, WA	-318	-303	-470	-188	-190	-630	-483	▲
net balance with Pierce County, WA	-473	-580	-582	-694	-624	-891	-963	▲
net balance with Multnomah County, OR	-1,325	-1,227	-1,246	-1,291	-1,349	-1,465	-1,637	▲
net balance with King County, WA	-1,767	-1,765	-1,996	-1,951	-1,933	-2,065	-2,314	▲
net balance with all other locations	-1,122	-1,546	-1,768	-1,906	-1,930	-2,519	-3,565	▲

SOURCE: U.S. Census Bureau, Local Employment Dynamics Origin-Destination Database

* trend indicates whether the overall long-term change is more than or less than 10%

Commuting patterns

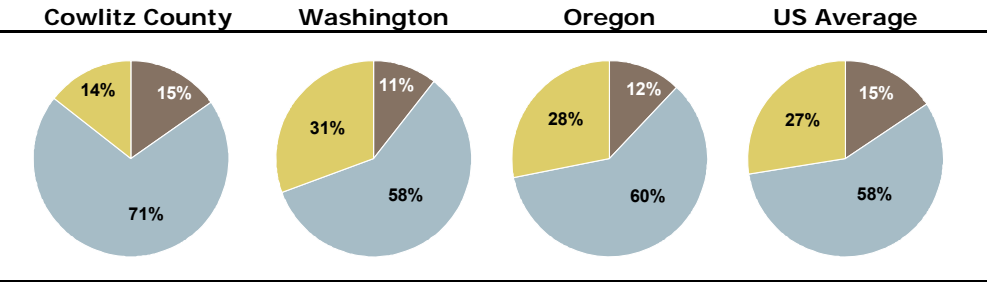
- More than 11,000 workers commute into Cowlitz County to work every day while another 20,000 Cowlitz County residents commute to work outside the county. This leaves the county with a net outbound commuter flow of just over 9,000. This net outflow has doubled since 2002 when it was just under 4,500.
- In raw terms there are more people commuting to and from Clark than any other county, but in net terms its closer to being a wash. The largest commuting imbalances are with the region's big urban counties — King and Pierce in Washington, Multnomah in Oregon.



EDUCATIONAL ATTAINMENT

Cowlitz County, Washington, Oregon & U.S.

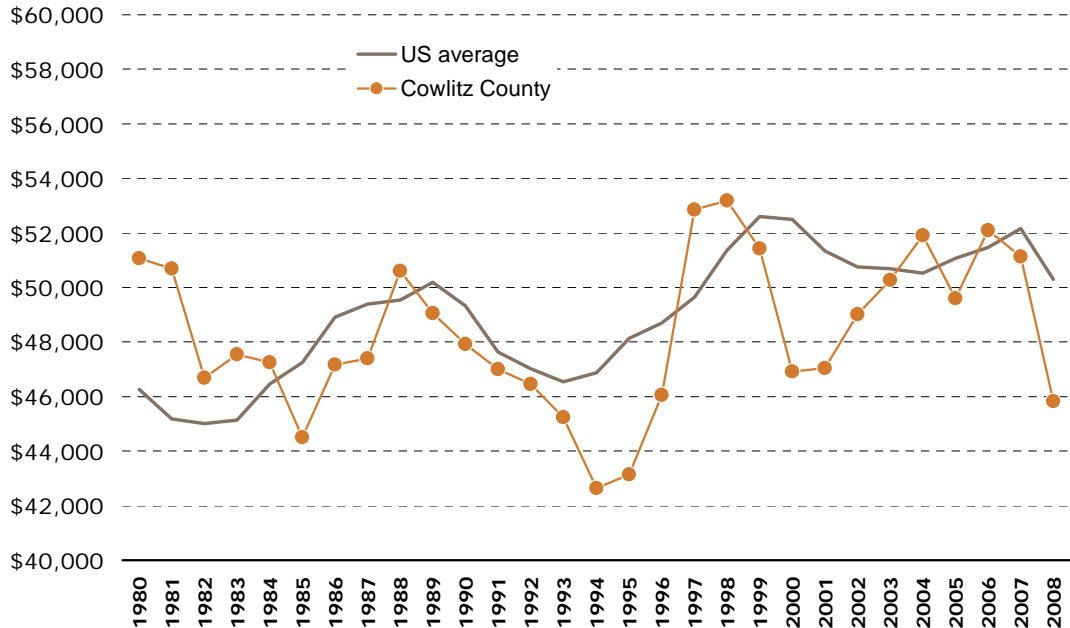
- Lacks high school equivalence
- High school equivalence but less than a 4-year degree
- Bachelor's degree or higher



SOURCE: US Bureau of the Census, American Community Survey, 2006-2008 average (latest available)

MEDIAN HOUSEHOLD INCOME (inflation adjusted)

Cowlitz County



SOURCE: U.S. Bureau of the Census; Moody's Analytics

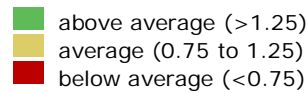
Education & income

- At the bottom end of the educational attainment scale, Cowlitz County is not out of line with the U.S. average. About 15 percent of adults lack high school equivalency locally as well as nationally.
- At the top end of the educational attainment ladder, however, things are different. About 27 percent of U.S. adults hold a four-year degree or higher. In Oregon and Washington statewide, these rates are slightly higher at 28 percent and 31 percent respectively. The comparable rate in Cowlitz is 14 percent, indicating that the county's adults are not making the leap from high school diplomas and community college courses to four-year degrees with the same intensity as the rest of the region and the nation.
- The educational gap may eventually catch up to Cowlitz County's earning potential. When looking at inflation-adjusted median household income over the past few decades, Cowlitz County has pulled even with or slightly above the U.S. in good times, but in cyclical downturns, median income has tended to fall well below the U.S. This trend has been particularly notable in the past three U.S. recessions.



INDUSTRY EMPLOYMENT PATTERNS

Cowlitz County



Industry sector	Total jobs in the MSA	Location quotient
Manufacturing	7,421	1.90
Retail trade	6,044	1.16
Health care & social assistance	5,510	1.12
Local government	4,433	1.16
Construction	3,706	1.18
Accommodation & food services	3,234	0.98
Personal & other services	3,024	1.11
Transportation & warehousing	2,072	1.31
Utilities & wholesale trade*	1,694	0.87
Real estate	1,625	0.74
Administrative & waste services	1,556	0.52
Professional & technical services	1,458	0.46
Forestry & fishing	1,452	5.31
Finance & insurance	1,277	0.56
State government	1,173	0.84
Arts, entertainment, & recreation	831	0.83
Farms	562	0.73
Information	499	0.52
Educational services	433	0.42
Federal government (military)	309	0.56
Federal government (civilian)	223	0.30
Oil, gas, & mining	201	0.76
Corporate HQs & regional offices	30	0.06

Economic structure

- In most counties, retail trade, healthcare, and local government (which includes public education) are the sectors providing the largest supply of jobs. These sectors all rank high in Cowlitz County, but it is manufacturing that holds the top spot.
- Manufacturing jobs take up a share of local employment that is nearly twice the national average. A location quotient (LQ) of 1.90 indicates the large relative size of this sector in the local economy. In other words, the county has nearly twice as many manufacturing jobs than would be expected given national employment rates.
- Heavy industrial sectors — manufacturing, transportation/warehousing, and especially forestry/fishing — rack up the highest location quotients in Cowlitz County.
- Some of the sectors with below average LQs — professional services, finance & insurance, information & media, & corporate offices — are also the ones that provide relatively high-skill job opportunities.

SOURCE: US Bureau of Economic Analysis; TIP Strategies, Inc.
 NOTE: Due to significant lag times, the latest comprehensive BEA annual data at the county level is for 2007
 *Utilities and wholesale trade are typically listed separately, but due to BEA suppression of data for Cowlitz County, they are grouped together here

Understanding LQs

A location quotient (LQ) is calculated as a local sector's share of total local employment divided by the same sector's share of employment at the national level:

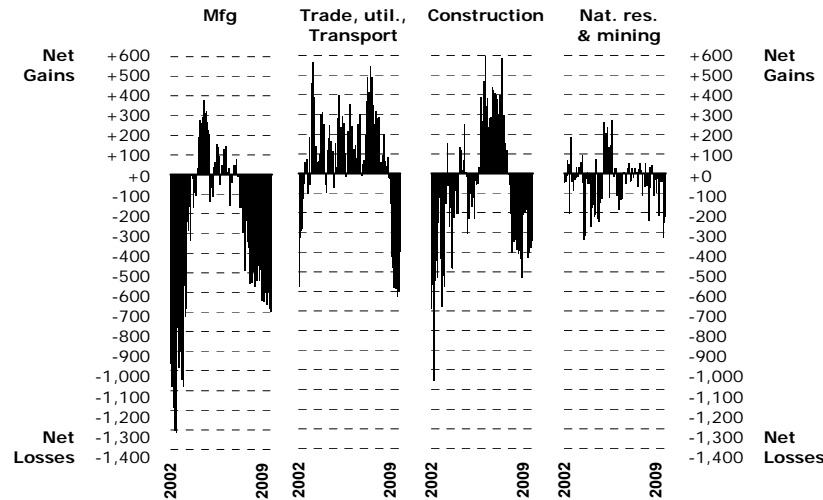
$$LQ = \frac{\text{Local jobs in sector} / \text{Total local jobs}}{\text{U.S. jobs in sector} / \text{Total U.S. jobs}}$$

If the local and national sectors are perfectly proportional, the location quotient will be 1.00. If a sector is heavily concentrated at the local level, then the location quotient will be higher than 1.00. Conversely, if the sector is sparsely concentrated at the local level, the location quotient will be lower than 1.00.



NET JOB CHANGE BY INDUSTRY, 12-MO. MOVING AVG.
Cowlitz County

Selected industrial sectors, 2002-2009



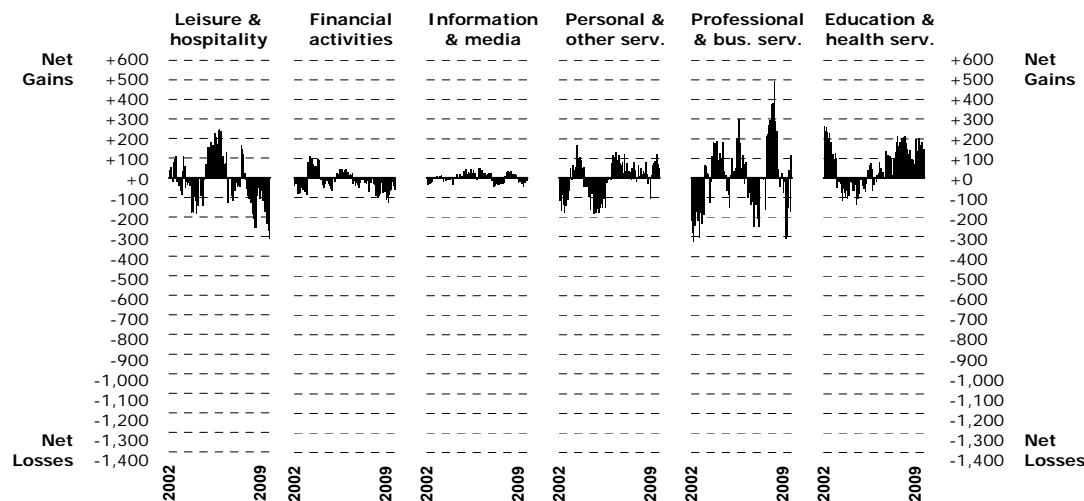
SOURCE: U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages

Job change by industry

- Manufacturing job losses have been prolonged and steady in the recession, but the rate of loss has been less intense than in the previous one when manufacturing jobs were shed at an annual rate that exceeded 1,000 at the downturn's worst point.
- Other industrial sectors have also seen severe net job losses in Cowlitz County as well.
- Education & healthcare have proven the most resilient sectors of the U.S. economy, and this is true in Cowlitz County as well. The annual rate of net job change for education and healthcare has not dipped negative in the county in the past four years.
- Other service sectors have also been less severely affected by the recession; however, professional and business services and leisure have seen losses up to 300.

NET JOB CHANGE BY INDUSTRY, 12-MO. MOVING AVG.
Cowlitz County

Selected service sectors, 2002-2009

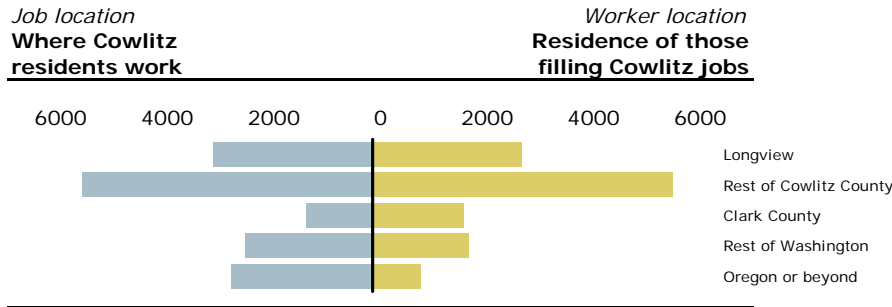


SOURCE: U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages



WORKFORCE LOCATION & COMMUTING FOR GOODS-PRODUCING WORKERS*

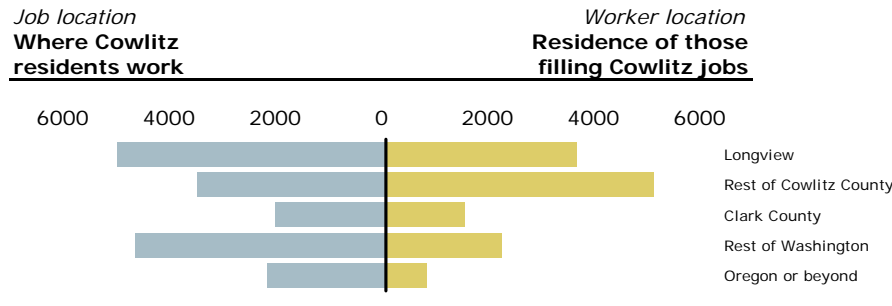
Cowlitz County



SOURCE: U.S. Census Bureau, Local Employment Dynamics Origin-Destination Database
*includes manufacturing, construction, & forestry

WORKFORCE LOCATION & COMMUTING FOR YOUNGER WORKERS (UNDER AGE 30)

Cowlitz County



SOURCE: U.S. Census Bureau, Local Employment Dynamics Origin-Destination Database

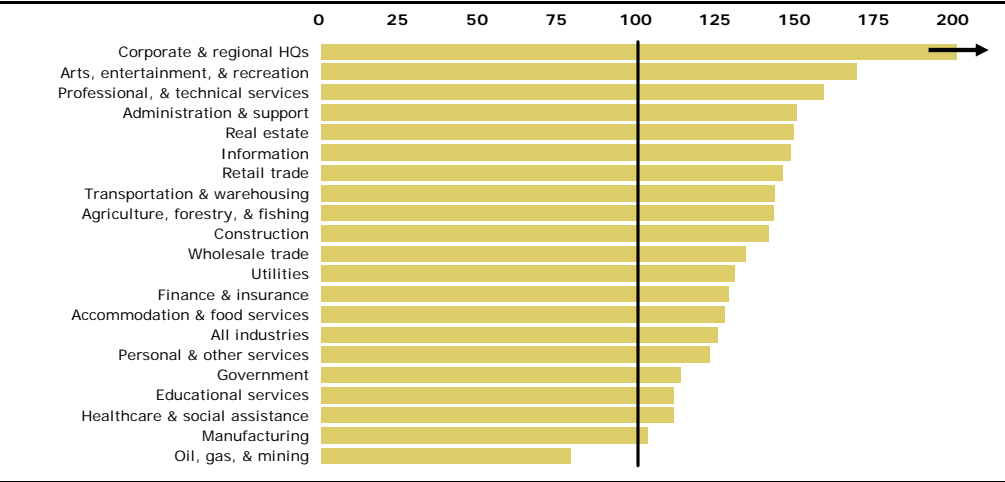
Commuting patterns

- Within goods-producing industries, Cowlitz County has a surplus of workers over jobs. Commuting data shows that the number of people commuting out of the county to work in goods-producing industries is greater than the number commuting in.
- The discrepancy is particularly high for those with the longest commutes. About 700 workers commute into Cowlitz from out of state, but among Cowlitz residents, more than 2,000 are commuting across state lines.
- For targeting efforts, this shows that a local workforce is clearly available to fill jobs in goods-producing industries.
- A similar analysis of commuting data by age shows that younger workers are much more likely to be outbound commuters than inbound.
- This suggests that if job opportunities for younger workers require longer commutes to urban areas, then these younger workers may eventually be enticed to move closer to those opportunities.
- To retain younger workers locally, ample job opportunities will need to be available.



NUMBER OF EMPLOYED RESIDENTS BY SECTOR FOR EVERY 100 LOCAL JOBS IN THAT SECTOR

Cowlitz County



SOURCE: U.S. Census Bureau, Local Employment Dynamics Origin-Destination Database

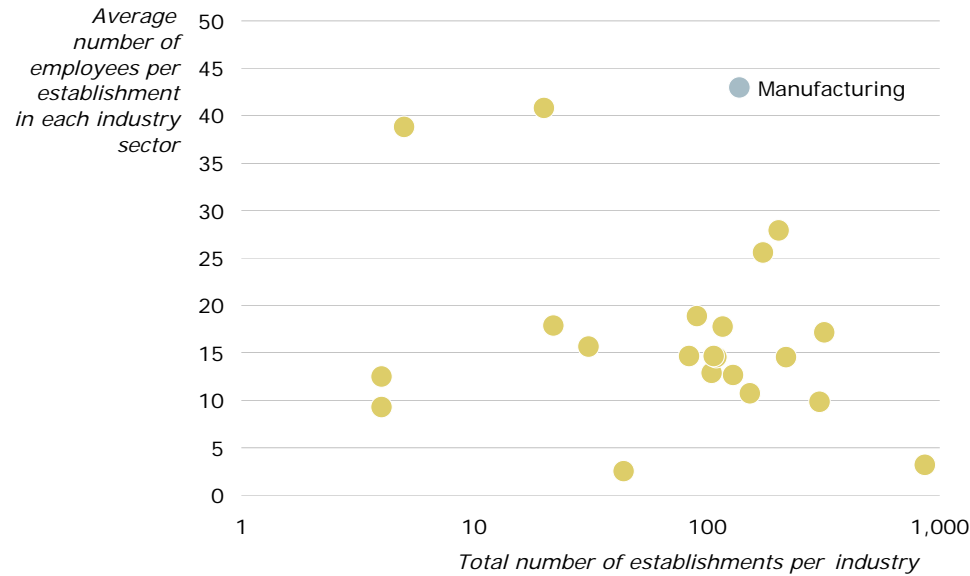
Residence versus local job match

- A sector by sector comparison of employed Cowlitz County residents to local jobs shows that local job opportunities are worst, not for manufacturing, but for many office-related jobs, such as professional services.
- For every 100 jobs that Cowlitz County has in professional services, there are 159 people who live in the county who hold jobs in that industry. In other words, a net of about one-third of them (59 out of 159) are getting to work outside the county.
- These ratios suggest that the county's targeting efforts should not be limited solely to industrial targets, but rather should be expanded to include some aspects of professional services, and perhaps other industries, too.



ESTABLISHMENT SIZE BY INDUSTRY SECTOR

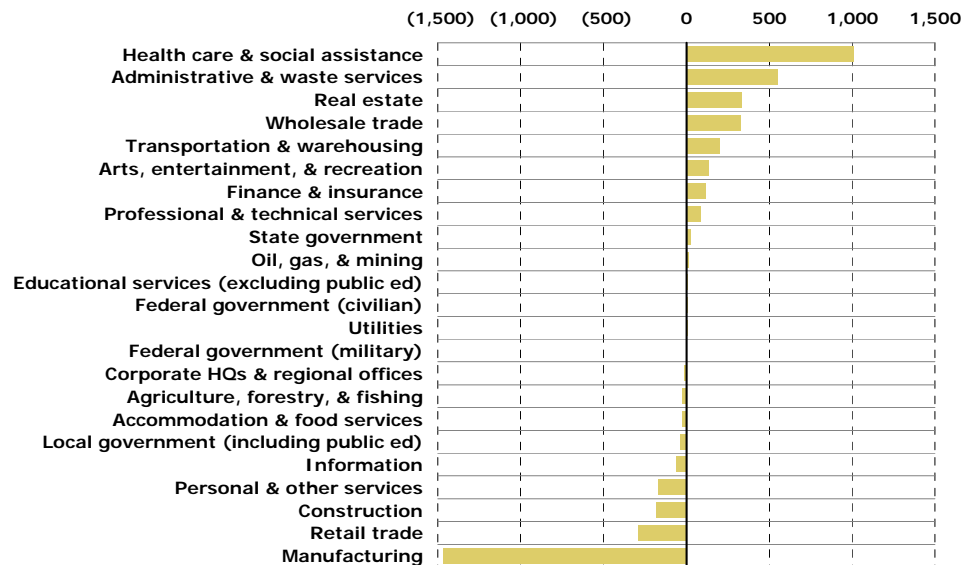
Cowlitz County



SOURCE: EMSI 2009 Spring Forecast

FORECAST NET CHANGE IN EMPLOYMENT, 2009-2019

COWLITZ COUNTY



SOURCE: EMSI 2009 Spring Forecast

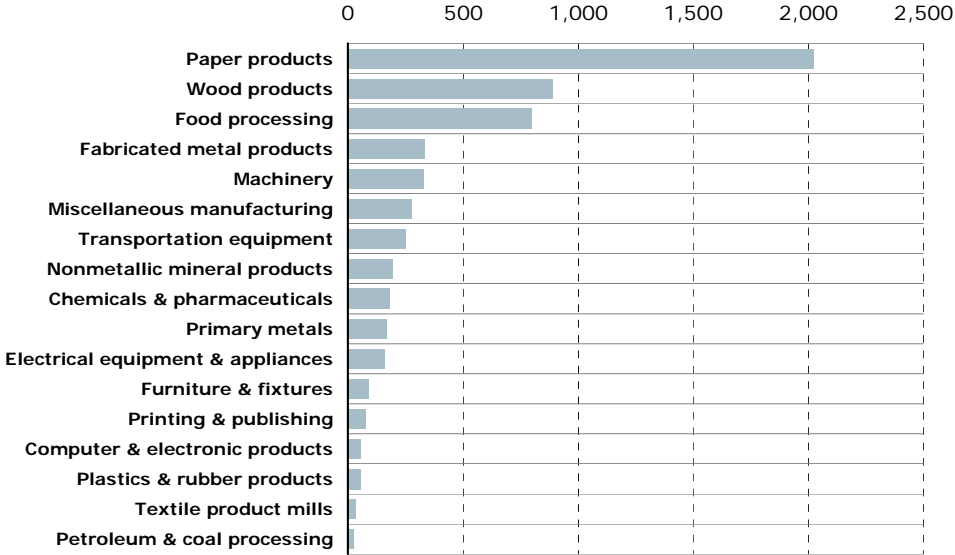
Sectoral trends & opportunities

- More people work in manufacturing in the county than any other industry sector. With a location quotient of 1.8, this pattern of heavy manufacturing employment differs sharply from most counties in the U.S. Manufacturing plants, on average, tend to be among the county's largest employers, but forecasts show that national and local trends could result in nearly 1,500 jobs lost in this sector in the coming 10 years. Employment in the manufacturing sector is declining nationwide, and consolidation efforts will benefit some locations at the expense of others. Manufacturing will continue to prosper, but it will do so with fewer workers and greater productivity.
- With a low location quotient of just 0.5, professional services shows up as a relatively undeveloped sector and perhaps one with growth opportunities. Despite its small size, current forecasts show that this sector will still add nearly 100 jobs over the next 10 years based on the status quo. Targeting efforts could perhaps boost this forecast significantly.
- Current patterns also suggest that the county's second largest sector (healthcare) will be the one producing the biggest job gains in the decade ahead. More than 1,000 new jobs, many of them well-paying, could emerge in this sector in the next 10 years. This suggests that Cowlitz County may want to consider its development potential as a small regional hub for healthcare services between Portland and Olympia.



MANUFACTURING INDUSTRY EMPLOYMENT, 2009

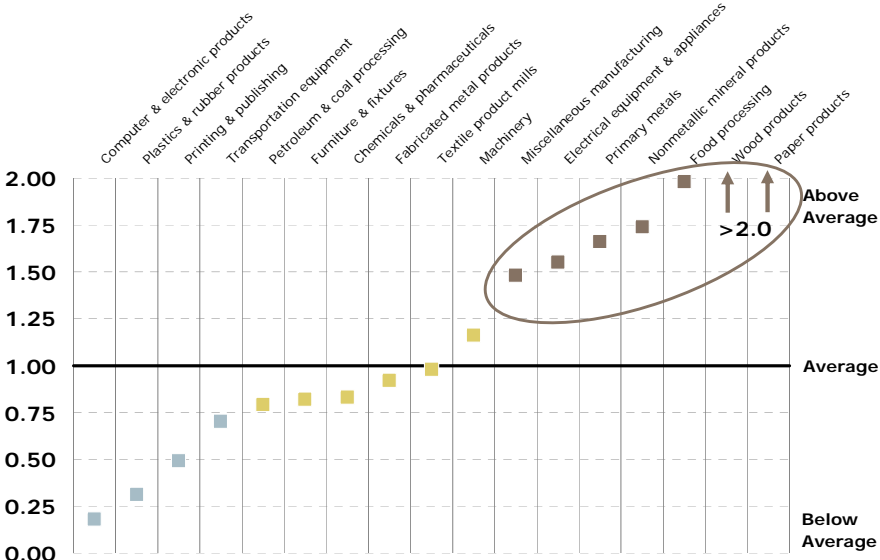
Cowlitz County



SOURCE: EMSI 2009 Spring Forecast

MANUFACTURING LOCATION QUOTIENTS, 2009

Cowlitz County



SOURCE: EMSI 2009 Spring Forecast

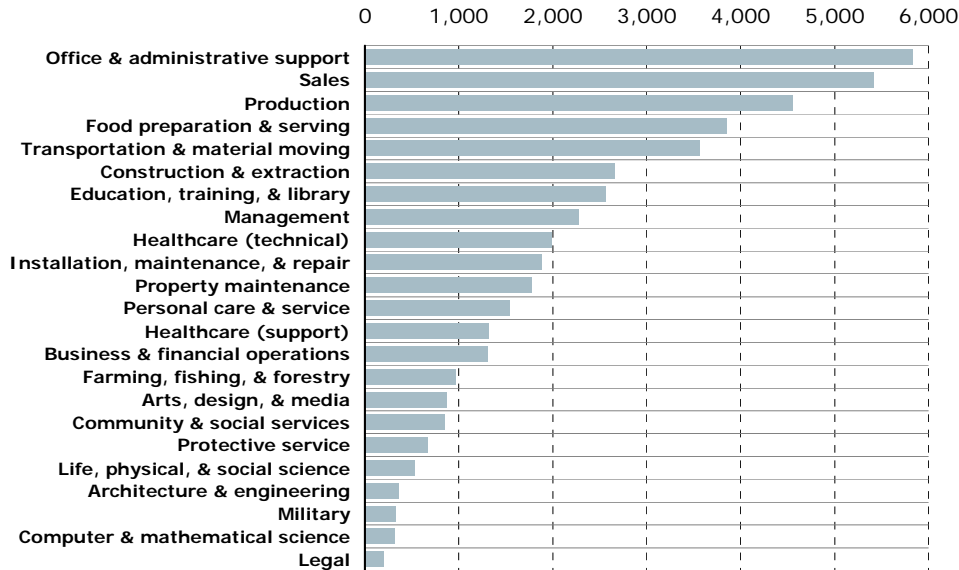
Manufacturing specialization

- Cowlitz County's manufacturing jobs fall heavily toward activities related to paper, wood, and food. Other aspects of manufacturing have remained relatively less developed, although location quotient analysis shows that some activities related to metal products may also hold some relative advantages.



OCCUPATIONAL EMPLOYMENT, 2009

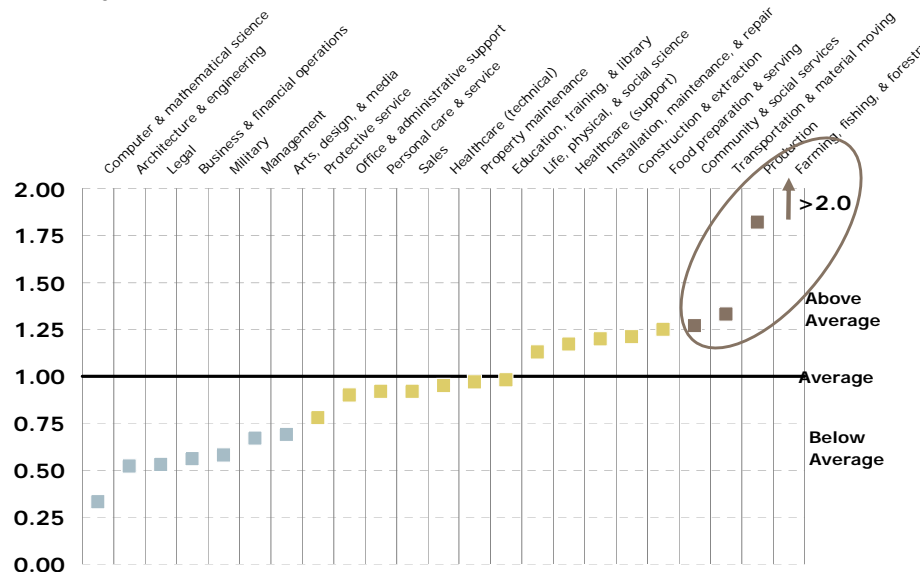
Cowlitz County



SOURCE: EMSI 2009 Spring Forecast

OCCUPATIONAL LOCATION QUOTIENTS, 2009

Cowlitz County



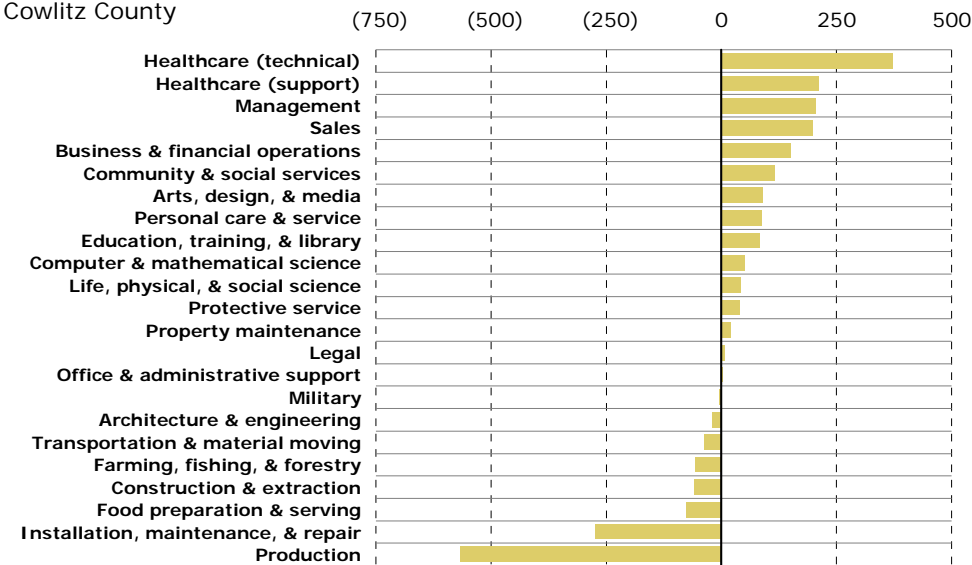
SOURCE: EMSI 2009 Spring Forecast

Workforce specialization

- An analysis of occupational strengths and weaknesses in the county shows a strong concentration of jobs (and thus skill sets) in production and transportation-related occupations.
- The downside is that the county's workforce skills in computer and engineering professions are lacking, even as skills needed in the industrial workforce are heading in this direction. In manufacturing as well as logistics, many jobs in the future will require higher skilled workers.

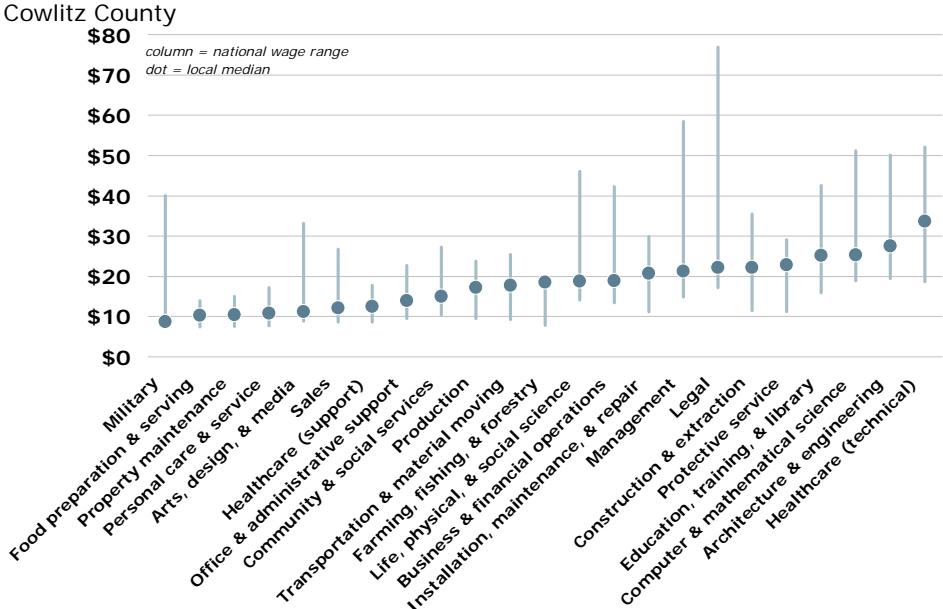


FORECAST NET CHANGE IN OCCUPATIONAL EMPLOYMENT, 2009-2018



SOURCE: EMSI 2009 Spring Forecast

MEDIAN HOURLY WAGE BY OCCUPATIONAL GROUP



SOURCE: EMSI 2009 Spring Forecast

Workforce opportunities

- Recent forecasts show that the county is on track to lose jobs over the next 10 years in production, repair & maintenance, and transportation. Meanwhile, the county's few existing engineering jobs are expected to remain relatively stable, even as the manufacturing sector is predicted to wane.
- Forecasts also suggest that skilled healthcare workers will be added to the labor force in the largest numbers. These jobs also rank among the county's best paid.
- Finally, it is also worth noting that pay scales in the county pose both advantages and disadvantages. Median wages for engineering, science, and computer-related fields are low by national standards, thus making it difficult to attract workers in these fields. Most blue collar occupations in production & transportation, however, mostly command median wages in the "healthy center" -- a sweet spot attractive to both workers and employers.



LOCATION QUOTIENTS FOR SELECTED INDUSTRIAL OCCUPATIONS

Cowlitz County

	Code	Occupation name	Location quotient
Relatively Plentiful	51-2031	Engine & other machine assemblers	9.53
	51-9141	Semiconductor processors	9.16
	53-7041	Hoist & winch operators	8.80
	53-7199	Material moving workers, all other	8.09
	49-9044	Millwrights	6.76
	53-7121	Tank car, truck, & ship loaders	5.68
	49-9041	Industrial machinery mechanics	4.55
	51-9081	Dental laboratory technicians	3.84
	53-7021	Crane & tower operators	3.20
	51-9082	Medical appliance technicians	3.15
	51-4081	Multiple machine tool setters & operators	3.12
	51-8021	Stationary engineers & boiler operators	2.98
	51-9011	Chemical equipment operators	2.79
	51-9041	Extruding machine setters & operators	2.36
	53-6051	Transportation inspectors	2.33
	53-7051	Industrial truck & tractor operators	2.19
	51-8031	Water & waste treatment system operators	2.00
	51-4111	Tool & die makers	1.92
	51-4022	Forging machine setters & operators	1.84
	53-4031	Railroad conductors & yardmasters	1.81
53-3032	Truck drivers, heavy & tractor-trailer	1.78	
49-3031	Truck mechanics & diesel engine specialists	1.74	
53-1031	Supervisors of transport vehicle operators	1.70	
51-1011	Supervisors of production workers	1.65	
51-4072	Molding & casting machine operators	1.46	
51-9083	Ophthalmic laboratory technicians	1.41	
49-9021	Heating & refrigeration mechanics	1.38	
51-2023	Electromechanical equipment assemblers	1.36	
17-3029	Engineering technicians, except drafters	1.28	
Scarce	49-2011	Computer & office machine repairers	0.63
	17-2061	Computer hardware engineers	0.60
	17-2072	Electronics engineers, except computer	0.53
	11-1021	General & operations managers	0.51
	11-3071	Transportation & distribution managers	0.47
	17-2071	Electrical engineers	0.44
	17-2141	Mechanical engineers	0.32
11-9041	Engineering managers	0.30	
11-3021	Computer & information systems managers	0.16	

SOURCE: EMSI 2009 Spring Forecast

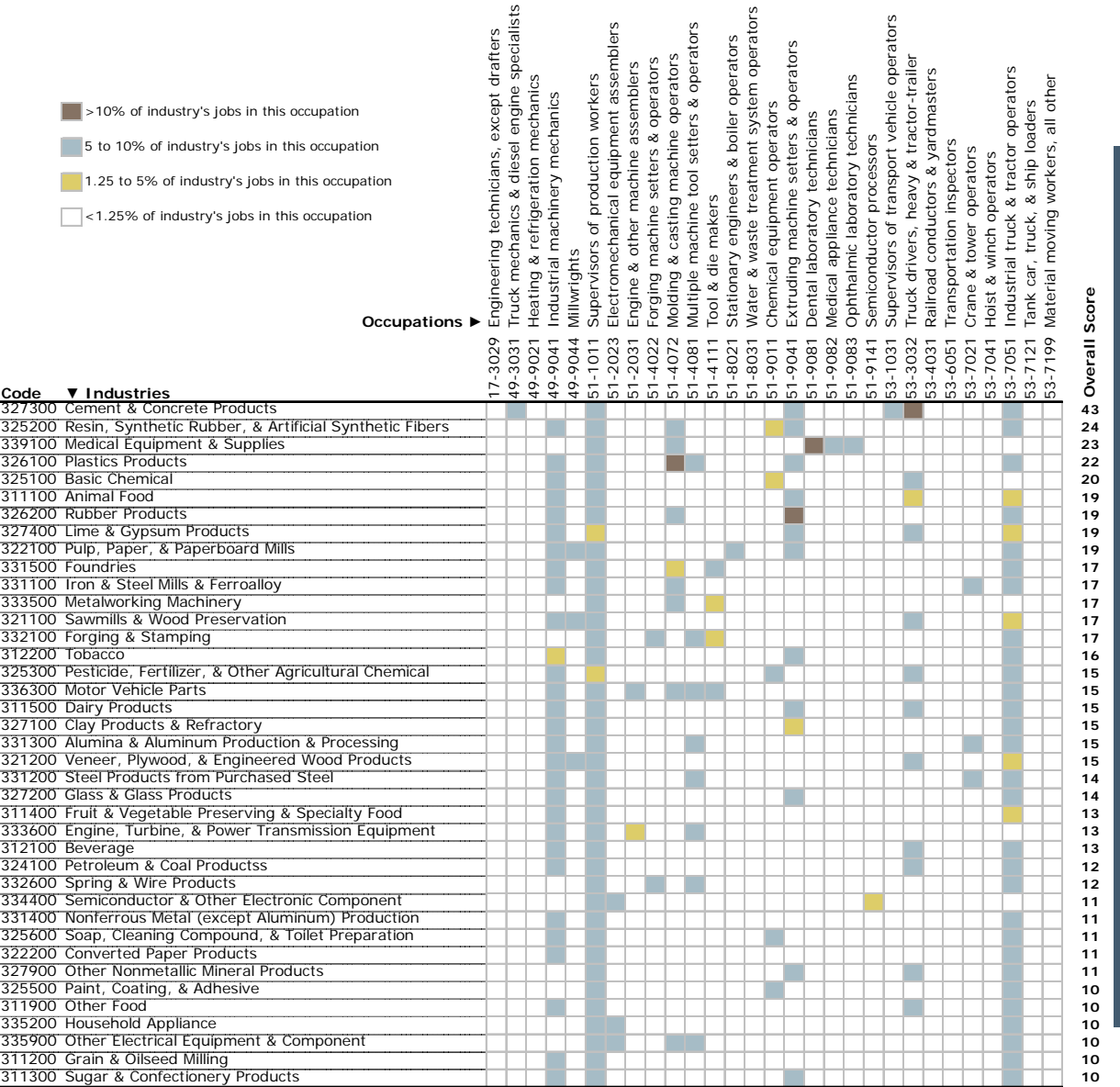
Trends & opportunities for industrial occupations

- TIP focused a detailed workforce analysis on five occupational groups that form the core of industrial employment in manufacturing and distribution. These occupational groups include management, engineering, maintenance & repair, production, and transportation & material-moving. From these five groups, we identified 29 occupations in which the county has significant relative strengths and nine underdeveloped occupations which could be a deterrent to the county's targeting efforts if not further developed for wider availability.
- In general, the occupations that need further development center on engineering and management. These tend to be higher skilled, better paying occupations. Greater availability of these skills would enhance the county's ability to employ those other occupations in production, transportation, and repair services whose skills may be more plentiful and underutilized.



MANUFACTURING INDUSTRIES THAT FIT WELL WITH THE EXISTING INDUSTRIAL WORKFORCE

Cowlitz County



Manufacturing opportunities

- TIP cross-referenced Cowlitz County's workforce composition against occupational utilization rates for manufacturing and transportation industries to find the best potential matches for the the existing skills. Obviously, some of these matches will be the existing industries themselves. The value of the exercise, however, is that the list may also identify other industries where these occupations or skills may be easily transferrable.
- Industries that might provide niches for Cowlitz County to pursue include plastics and synthetics, metal-related processing, and ag-related chemicals such as fertilizers and pesticides. This last category (ag-related chemicals) is one that TIP feels has high export potential. The rise of modern farming techniques in far-flung corners of the planet in recent years has boosted global demand for all types of farming equipment and supplies, including fertilizers and pesticides.

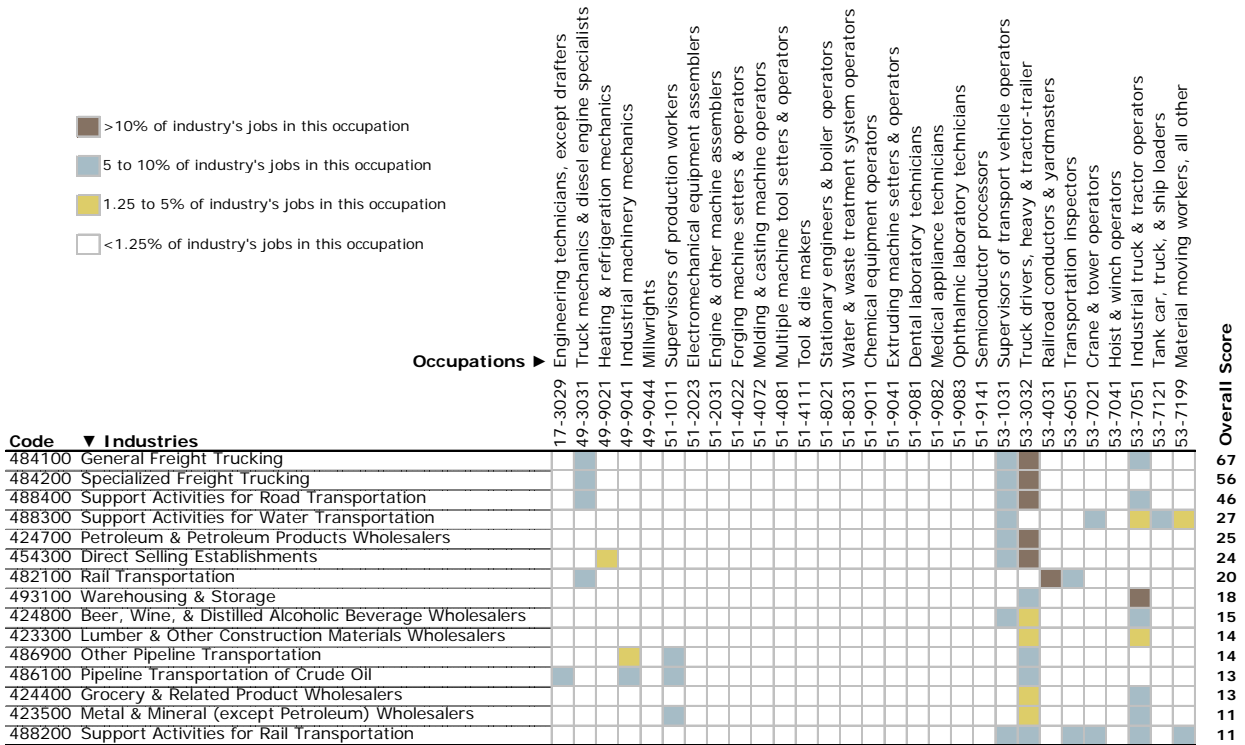
SOURCE: U.S. Bureau of Labor Statistics, Occupational Employment Statistics; EMSI 2009 Spring Forecast



Transportation & distribution opportunities

TRANSPORTATION & DISTRIBUTION INDUSTRIES THAT FIT WELL WITH THE EXISTING INDUSTRIAL WORKFORCE

Cowlitz County



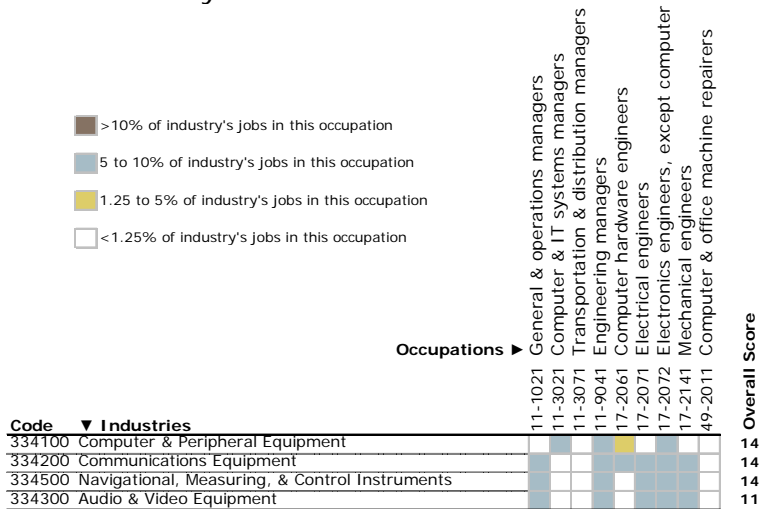
SOURCE: U.S. Bureau of Labor Statistics, Occupational Employment Statistics; EMSI 2009 Spring Forecast

- Among non-manufacturing industries, we also identified wholesalers and distributors of food and beverages as a potential fit for the region. Grocery-related distribution usually tends to be local or regional. Cowlitz County's location makes it a good fit for distributors trying to reach the Portland and Puget Sound grocery markets from a consolidated, single distribution facility.



INDUSTRIES WHERE SKILLED LABOR AVAILABILITY COULD BE AN ISSUE

Cowlitz County



SOURCE: U.S. Bureau of Labor Statistics, Occupational Employment Statistics; EMSI 2009 Spring Forecast

Industries where skilled labor availability could be an issue

- Finally, TIP emphasizes the importance of targeting the types of manufacturers who offer the best fit for the existing labor force and the skills it offers. The relative undersupply of local computer specialists, engineers, and engineering managers means that manufacturing facilities that rely heavily on these professions may have difficulty satisfying their hiring needs locally, and thus may be less interested in a Cowlitz County site.
- While these industries should not necessarily be written off entirely, they do underscore the importance of training and developing a new, younger generation of local workers with the skills for the manufacturing industries and advanced manufacturing processes that will be necessary for competitiveness in the years and decades ahead.

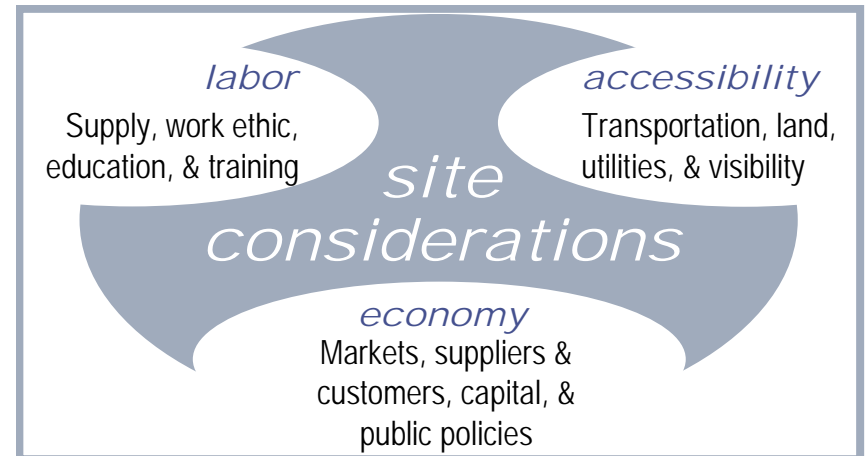


APPENDIX B – TARGET SECTORS

Methodology

The selection of target sectors is traditionally bound to an assessment of only a few determinant factors, such as access to an available workforce, industrial sites, and incentives. Our target industry recommendations are not based solely on these factors, but also on conversations with the region's business leaders to better understand potential opportunities and challenges that might not be readily identifiable through secondary data sources alone. The TIP team also brings to bear its understanding of broader macroeconomic and social trends, such as consumption patterns/consumer spending, emerging markets/international trade, and demographic shifts/aging workforce to better understand long-term recruitment and development prospects. Finally, TIP also strongly takes into consideration how the potential targets might fit within the overall vision for the county and the strategic framework of the economic development plan, as well as how each might affect Cowlitz County's attractiveness to existing and future residents. In sum, TIP identified target sectors for the CEDC, using a three-pronged approach: **quantitative**, **qualitative**, and **strategic**.

TIP examined both traditional and nontraditional target opportunities for Cowlitz County. Traditional targets represent the types of industries that have historically been marketed to by economic development organizations. These might typically include traditional manufacturing sectors as well as other related industrial and/or transportation activities. Traditional targets often represent the first tier of economic opportunity. While a number of such economic activities take place in Cowlitz County, the area's economy remains dependent on natural resources, related manufacturing, and other declining sectors. As a result, the TIP team considered a number of other non-traditional targets to assist in diversifying the county's economy in higher growth sectors. These sectors pose unique challenges for economic development practitioners and require the creative use of marketing and non-traditional tools to achieve success. For example, many opportunities may only be presented through the CEDC's ability to identify niches within emerging sectors, which tend to be strongly tied to innovation and the retention and attraction of talented professionals.



Targets

- **Specialized Manufacturing** (including light industry, energy)
- **Advanced logistics & distribution** (including final assembly on imported goods)
- **Professional/technical services** (including engineering, testing, information technology, and regional headquarters)
- **Healthcare cluster** (including general medical and healthcare services, outpatient and ambulatory services, and health informatics)



Specialized manufacturing

Light industrial & assembly and cleantech

Light industrial & assembly: While national trends suggest manufacturing job growth will remain flat, there is still value in adding this sector. A healthy manufacturing sector contributes to the local economic base and can provide a source of employment for entry-level workers and those without advanced credentials. Competition for manufacturing jobs is fierce and the cost of recruitment initiatives (in terms of marketing dollars, incentives, and infrastructure improvements) can be significant.

Potential niches:

- Plastics and synthetics
- Metal-related processing
- Ag-related chemicals
- Farming equipment and supplies, including fertilizers and pesticides

Cleantech: The recent emergence of global warming as a serious political issue in the U.S. coincided with a major spike in energy prices and deregulation of many state electricity markets. This perfect storm of events created enormous interest in the development of energy sources and production technologies as an alternative to hydrocarbons, such as petroleum, natural gas, and coal. Large corporations from Wal-Mart to Dell Computer are now implementing significant steps toward reducing their carbon emissions. If investment capital continues to flow into energy technology and if customers buy the products, then new and expanding businesses can be anticipated in this sector. Those places that recognize and capitalize on this trend position their regions for future job growth. These and other factors (e.g., climate concerns) have prompted a serious reconsideration of “alternative” and/or renewable energy resources, such as wind, solar, biomass/biofuels, hydrogen fuel cells, nuclear, and “clean-burning” coal among others. Moreover, the current administration’s emphasis on federal financial support and incentives for “alternative energies,” as well as pending legislation regarding capping greenhouse emissions, should provide additional stimulus to research and development in this sector for the next several years.

Definition: Cleantech

Innovative technologies in the energy sector usually involves renewable or "sustainable" sources of fuel, but may also include applications to harness the potential of fossil fuels in much cleaner ways. Those power sources most commonly associated with "clean energy" potential include solar, wind, biomass, energy-from-waste, fuel cells, alternative batteries, and hybrid engines. The R&D, manufacture, and deployment of these types of innovations are grouped under the broadly defined category of "energy technology".

Sectoral requirements

- Availability of light industrial space
- Available skilled & semi-skilled blue collar workforce
- Proximity to OEMs & suppliers
- High quality multi-modal transportation network
- Ability to access customers, both international and domestic



Advanced logistics & distribution

Automated warehousing, distribution, final assembly

Industry trends:

Once known as “warehousing and distribution,” the process of moving goods to market has evolved significantly in recent years. What was once a matter of simply storing large quantities of goods and shipping them in bulk (when end-users placed orders) is now an increasingly sophisticated science. This process seeks to minimize inventories and respond to the growing demand for next-day – or even several-times-a-day – delivery. Competitive shifts within the industry have been accelerated by global trade, containerization and standardized packaging, just-in-time (JIT) inventory management, outsourcing of delivery services, and increased technological capabilities.

With the decline of manufacturing jobs nationwide, logistics has become an attractive target for many communities because it provides some of the advantages once inherent in manufacturing employment. Most notable among these is the presence of well-defined skill ladders with opportunities for advancement based on experience and on-the-job learning. The industry’s ability to provide relatively good paying jobs for unskilled workers, coupled with the county’s locational and infrastructure advantages makes logistics a logical target.

Requirements

- Proximity to major population centers
- Quality of regional transportation network, especially interstate and rail
- Access to OEMs and assembly operations
- Availability of large tracts of affordable industrial land with access to multimodal transportation infrastructure

Definitions

Supply chain management (SCM) companies oversee the flow of materials, information, and finished goods as they move from supplier to manufacturer to retailer and final consumer. These companies typically have a large information technology component designed to enhance inventory control and just-in-time manufacturing to help control costs.

Third-party logistics, or 3PL, is a growing segment of the logistics industry. 3PL firms provide a variety of services, including assembling and repackaging materials, consolidating orders and shipments, and physically delivering goods to customers. 3PLs typically serve a number of clients from a single facility.

Reverse logistics is an increasingly important segment of logistics and distribution activities. Reverse logistics focuses on the movement and management of products and resources after the sale and after delivery to the customer. The concept includes product returns for repair and/or credit, as well as the growing trend towards re-manufacturing and recycling.

E-commerce fulfillment centers are another aspect of logistics that is growing rapidly. These firms provide distribution-related functions for goods purchased via the Internet by consumers and/or businesses, providing a cost-effective means for “unit of one” shipping to consumers who make purchases online.



Professional/technical services

Engineering, information technology, and regional headquarters.

Industry trends:

Professional, technical, and scientific services, as an industry, has been one of the primary generators of employment growth and economic vitality for the last 20 years and is expected to remain a critical driver for the foreseeable future. While overall manufacturing employment has remained stagnant since the early 1970s, services employment has tripled. In other words, the U.S. has essentially transitioned from an economy based on producing goods to one that provides services. In fact, the greater business and professional services sector — of which professional, technical, and scientific services is a subset — has emerged as the backbone of the modern American economy. This broad sector includes a great number of activities, such as advertising and marketing, consulting, management services, technical and scientific research and design, and financial, insurance, and real estate services. One of the primary factors behind the sector's job growth is a marked increase in entrepreneurship in the American economy.

With the exception of technical services, which typically follow a specific, specialized customer base, business and professional services is broadly driven largely by three primary factors: proximity to customers, access to an educated workforce, and quality of life considerations. By and large, these assets are found in abundance primarily in larger metropolitan regions. Technical and scientific services tend to be more specialized and tied to a specific export sector and/or regional research capacity.

In addition, the presence of a well-developed business and data services sector is important in the growth of software and other information technology (IT) enterprises. The presence of a strong local software and IT sector has become critical as their use comprises an increasing share of the value of all products and services. This trend will likely only be compounded in the future as technological advances continue to revolutionize both “high tech” and traditional industries alike.

Definition

Professional and technical services sector includes those firms that provide support services to a variety of companies. The industry sector includes both professional services, such as legal, accounting, and marketing, as well as more basic support services, such as document reproduction and data processing. It also includes technical services, such as research and testing, engineering, and specialized design services.

Sectoral requirements

- Availability of Class A office space, tech/flex space, and research and technology parks
- Proximity to customers.
- High visibility or “prestige” development sites
- Broadband internet connectivity
- Access to educated, younger workforce
- Quality of place, including executive housing; schools; entertainment, recreational, and retail amenities; and overall image of community within a region.



Healthcare cluster

General medical and healthcare services, outpatient and ambulatory services, and health informatics

Industry trends:

Access to healthcare, both primary care and emergency care is viewed as both a quality of life issue for residents and an economic issue for communities. The presence of healthcare facilities is also seen as key in location decisions for most industries. Access to healthcare is an important factor in corporate location decisions for a number of reasons, including proximity to emergency medical services for industrial employers as well as the quality family care and ambulatory medical services for white collar professionals and their families,

With the continued loss of manufacturing jobs, once the most critical driver in local economic development, communities are becoming more reliant on the healthcare industry as a source of employment and tax revenue. Growth in the U.S. healthcare sector is largely driven by two major factors: population growth and an aging population. As the Baby Boom generation approaches retirement age, a larger share of all consumer-spending in the nation is being spent on healthcare related expenses.

Much like other economic sectors, American healthcare is undergoing a profound transition through the increased use of information technology to improve efficiencies in services and treatment of disease. In some ways, the sector has been late in adopting **health informatics**; however, recent efforts to curtail rising expenses (including the recently passed health insurance reform bill) are expected to increase the demand for related products and services.

Definition

***Healthcare services** include establishments providing health care for individuals, including ambulatory health care services and hospitals. The services provided by establishments in this sector are delivered by trained professionals. All industries in the sector share this commonality of process, namely, labor inputs of health practitioners with requisite expertise.*

***Health informatics** is an emerging field combining advances in information technology and health care and includes software for electronic medical records, portable devices used in aiding diagnoses, and other decision support systems.*

Sectoral requirements

- Availability of trained or trainable healthcare workforce (i.e., semi-skilled healthcare aides, registered nurses, healthcare technicians, highly trained doctors)
- Proximity to institutions of higher learning and medical schools (research and development and healthcare training facilities)
- Proximity to population growth centers and retiree destinations
- Availability of medical and professional office space

