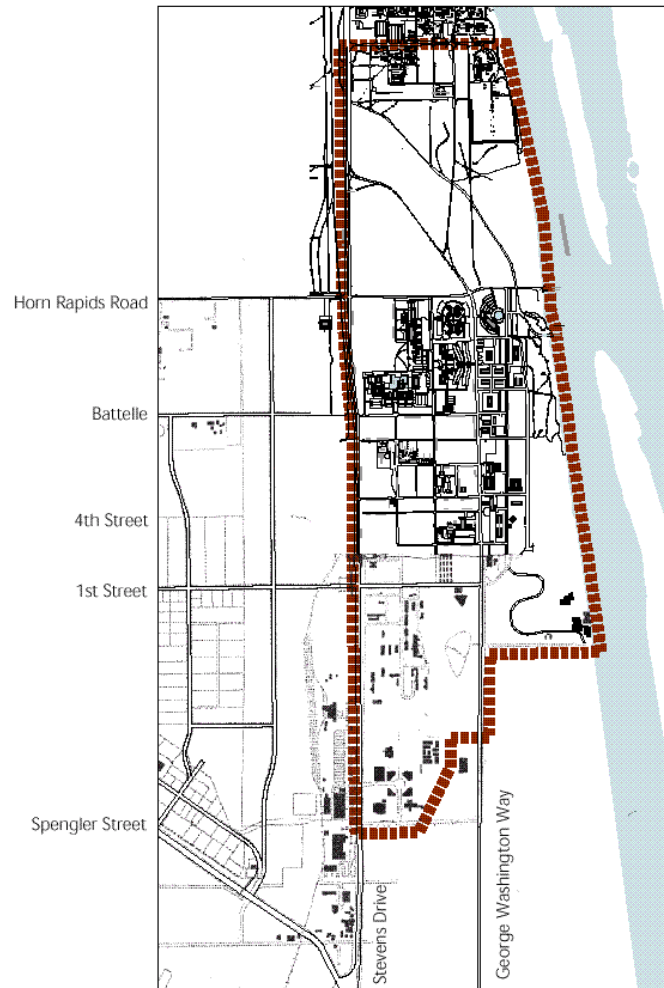


Executive Summary:
RESEARCH DISTRICT LAND USE AND MARKETING PLAN



Presented to:
TRI-CITIES RESEARCH DISTRICT

LAND USE AND MARKETING PLAN: Executive Summary



Delivered to:
Tri-Cities
Research District

Prepared by:



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Introduction

The Tri-Cities today is in a period of transition. As the Department of Energy's Hanford site continues the process of cleaning up the site and scaling down its employment levels, the local economy will undergo significant change. An estimated 8,000 Hanford-related jobs will disappear by 2030. Some communities suffer heavy job losses in a short period of time, but the slow scale-down at Hanford will give the region time to retool its economy. However, now is time to aggressively prepare for this new future, before the problems further hamstring local governments and budgets.

This plan, the *Research District Land Use and Marketing Plan*, seeks to identify new opportunities for creating and marketing a stronger Research District in the Tri-Cities. Today, the Research District is a 1,600-acre area in north Richland that is home to more than 90 Richland and Hanford businesses, Pacific Northwest National Lab, other federal and state agencies, and Washington State University Tri-Cities. In total, the Research District contains more than 5,000 workers in 3.4 million square feet of lab and office space.

In January 2005, the Advisory Committee of the Research District comprised of the City of Richland, Benton County, Port of Benton, TRIDEC, WSU-Tri-Cities, and Pacific Northwest National Lab selected AngelouEconomics to conduct this plan.

Specifically, the project was designed to answer questions in three primary areas: marketing, product improvements, and implementation.

Marketing

- ✓ What are the community's goals for the Research District?
- ✓ What are the Research District's most marketable and unique strengths?
- ✓ How should the Research District leverage the region's assets?
- ✓ What are the best target businesses for the Research District?

Product Improvements

- ✓ What land-use improvements will make the Research District more attractive to businesses?
- ✓ What services will make the Research District more valuable to relocating businesses?

Implementation

- ✓ How should the region's governments and organizations collaborate to effectively build and market the Research District?
- ✓ What investments will be required to make the Research District successful?
- ✓ How should the Research District be organized and managed to best capture future opportunities?

Our goal is clear:

***To bring more jobs and investment to the Tri-Cities
in science and technology industries.***

Clearly, the success of the Research District will involve numerous players within the Tri-Cities. With this in mind, AngelouEconomics and the Advisory Committee designed a process that would collect public input from officials, citizens, and businesses from the cities neighboring the Research District: Richland, Kennewick, Pasco, and West Richland. Numerous organizations and businesses have provided significant input for this plan.

This plan is guided by consultant inspections of the Research District, numerous focus groups, and interviews with local planning organizations such as the City of Richland, Benton County, the Port of Benton, WSU-Tri-Cities, and PNNL. AngelouEconomics has engaged individuals across the region: local economic development officials, city and county elected officials and staff, city planners and managers, civic leaders, major employers, startup companies, lab officials, developers, representatives of secondary and higher education institutions, and citizens. AngelouEconomics reviewed several past land use reports as part of our analysis. Our intent has been to utilize the work that has already been done by past consultants and local organizations, while updating the overall vision for the Research District and creating an action plan that provides consistency across all jurisdictions.

The project team created a public website, www.ResearchDistrictFuture.com, to explain the planning effort, be a source for public reports, and allow interested citizens and businesses to contribute through an online survey. The survey focused on the perceptions of individuals who work or live in/around the Research District and included specific questions relating to the level of amenities and types of land use desired for the Research District.

AngelouEconomics laid out a four-phase process to complete the plan:

**Process:
Research District Land Use and Marketing Plan**

PHASE ONE	PHASE TWO	PHASE THREE	PHASE FOUR
SET UP	ASSESSMENT	TARGET INDUSTRIES	STRATEGIC PLANS
Introduce project team Define expectations, timelines and Advisory Committee Launch Project web site	Economic Assessment Research Park Case Studies Trip 3: Deliver Economic Assessment and Case Studies reports, Collect Additional Input July: Deliver Assessment reports	Identification of target industries and businesses <b style="background-color: #0070c0; color: white; text-align: center;">MARKETING Marketing theme and park name Internal marketing External marketing Trip 4: conduct marketing and land use focus groups	Trip 5: Deliver Recommendations to the Advisory Committee • Marketing Plan • Land Use Plan • Organizational Plan Finalize all Plans <b style="text-align: center;">BEGIN IMPLEMENTATION
COMMUNITY OUTREACH			
Trip 1: Collect public input 20-30 one-to-one interviews 3-4 focus groups Online survey Trip 2: Additional input			

The process was split between three research reports and three recommendations reports based on the research findings. In Report 1, "*Economic Assessment*", AngelouEconomics examined the economic climate of the Tri-Cities and the Research District with a specific focus on issues that will most affect the District's ability to attract and foster new corporate development. Report 2, "*Research Park Case Studies*" examined 6 research parks in the U.S. to serve as best practices, with the goal of identifying specific strategies that can be adopted by the Research District. Report 3, "*Target Industry Recommendations*", presented a process for identifying specific industries and companies that will be the Research District's best prospects for recruitment and expansion. In Report 4, "*Marketing Plan*", AngelouEconomics outlined three primary areas of recommendations: branding, internal marketing, and external marketing. Report 5, "*Land Use Plan*," outlined several strategies to stage the development of the Research District in a high quality, focused process. Report 6, "*Organizational Plan*", outlined specific actions that should be taken by local institutions and governments to support the marketing and land use plans.

The Vision for the Research District

AngelouEconomics created a clear vision for the Research District to guide the implementation of this plan. A vision statement essentially describes "who" the Research District seeks to become. **This vision should be adopted or supported** by organizations that collaborate with the Research District.

The Research District's vision is to be a world-class location for companies to grow and to collaborate for the advancement of science and technology.

In interviews and the online survey, AngelouEconomics asked citizens and businesses to give their perceptions on the Research District's image, amenities, and future goals. Respondents answered overwhelming in support of a broader, more defined strategy to develop a successful research park:

Tenants / Companies -- Research District tenants are interested in the district offering a high quality environment in which to work. They feel that an appealing environment (landscaping, pedestrian trails, attractive architecture, for example) will make it easier for them to recruit and retain workers.

Pacific Northwest National Laboratory -- PNNL is interested in the Research District providing opportunities for collaboration with its current and future corporate clients. It wants to be in an environment that leads to stronger connections with neighboring businesses. Overall, PNNL wants the Research District's land and marketing plan to complement its own campus growth plan.

Local government -- Local governmental entities look to the Research District as a strong tool for economic development and a job and tax revenue creator. Regional organizations, such as city and county governments, ports, and business organizations view the Research District as a resource whose impact will reach far beyond the District's boundaries. They see the Research District leading to region-wide job growth, a stronger regional brand identity, and mechanism for new business startup.

Developers -- The Tri-Cities real estate community views the Research District as a tool they can use to generate new investment opportunities and support their current investments in the area.

Survey results reinforced these desires. 95% of respondents indicated that PNNL is a major asset for the region's future. However, a significant number of respondents (41%) believe the region's Hanford image still prevents the Tri-Cities from attracting new companies to the region. A national marketing campaign would do much to redirect the image away from Hanford and toward the cutting-edge research done at PNNL and local companies. Overall, one-third of respondents agree that the Tri-Cities has a neutral national image (neither positive nor negative) and another third believe the region has no image at all. AngelouEconomics agrees that the Tri-Cities' lack of a national image will be the largest barrier to the successful growth of the Research District.

The consulting team led by AngelouEconomics believes that the Research District's top priority should be stronger national public relations. Information about the research and technology capabilities of the community is simply not flowing out of the Tri-Cities as it should. 90% of survey respondents indicated that more should be done to market PNNL to companies both inside and outside the region. While PNNL does engage in some business development activities (e.g. conferences, sales visits), the largest "gap" for this project is the technical capabilities of the Tri-Cities versus its awareness across the U.S. One case in point, observe the lack of results on search engines when you type "Tri-Cities and technology" on Internet and news research sources.

Branding and Marketing the Research District

AngelouEconomics strongly believes that numerous Tri-Cities organizations, together, can make a significant impact on the awareness of the Research District's assets in the eyes of the target audiences. With a specific list of marketing recommendations that should be implemented, the Research District Plan will begin a process of making clear advances in growing a successful research park.

Priority Marketing Actions include:

1. Create a new brand for the Research District that connects to a stronger Tri-Cities brand.

The Research District's identity will be intimately tied to the brand of the Tri-Cities, and, as the Tri-Cities becomes better known at a national level, the Research District will benefit.

In recent work for TRIDEC, AngelouEconomics recommends that the region overall update its logo and create more overlap in color, imagery, design, and concepts among the many organizations that market the Tri-Cities to a national audience. AngelouEconomics also recommends that PNNL update its own look and brand, while creating a stronger brand connection to the Tri-Cities. Successful national brand recognition will be much easier to accomplish if everyone is speaking in one voice.

AngelouEconomics recommends a new name, the "Tri-Cities Research Park", a new independent website, and a color and image scheme that reflects the region's sunny environment (contrary to visions of a rainy Northwest) and contrasts any negative perceptions that have resulted from the Hanford site cleanup. By pulling in an image of the river and a reference to the many accomplishments of local scientists, a new brand for the research park could be:



AngelouEconomics has recommended that TRIDEC change its logo to a similar design and format (but different words), and we have even gone so far as recommending that the logo be adaptable to other organizations, cities, and entities. Existing logos will not be dropped, but future external marketing campaigns and materials should be branded by this new logo scheme, with partner organizations adapting to it as follows:



AngelouEconomics does not recommend that the Tri-Cities create a new tagline for itself. Mixed messages have been a problem for the Tri-Cities, and, at this point, another tagline does not need to be added to the mix. Instead, AngelouEconomics recommends that the Tri-Cities integrate the themes of "enlighten," "discovery," and "horizon" into marketing collateral and websites. These themes can be conveyed in the words that are chosen for written copy and the photos and other images used. Consistent use of themes are a higher level of branding that promoting a single tagline, and themes will allow many more current activities to be folded into this new marketing effort. As the region internally adopts a single logo and marketing themes, a tagline may then be developed.

2. Initiate a national marketing campaign better targeted to technology companies and entrepreneurs.

We recommend that the Research District create a content-rich website, with information on companies, PNNL technologies, and services available to District tenants. From this website, an email newsletter should be created that will be sent out quarterly to a database of target audiences (database delivered by AngelouEconomics). Focus early marketing efforts on a public relations drive aimed at raising awareness of the Tri-Cities and the research done at PNNL. Effective PR will create awareness of the Park so that other more direct marketing activities are more effective and successful. Form a Content Committee to generate new material to be used in the website and public relations efforts. AngelouEconomics places high emphasis on generating new content for use in PR so that communities can become their own brand "broadcasters" with a minimal amount of time and money.

Fund a marketing effort by the Research Park to a level that will have a noticeable impact and that can be sustained for 5 years at a minimum. AngelouEconomics does not believe that marketing should be

expensive, particularly in the Age of the Internet. However, a stable marketing budget for supporting efforts in this Plan will be necessary. AngelouEconomics recommends a discretionary budget (beyond staff and overhead) of \$100,000 per year at a minimum. Early marketing could be conducted on a contractual basis by TRIDEC, but the funding and selection of a Park Director will be an important step in the Research Park's long-term success.

Additional marketing activities to conduct include:

- ✓ Establish a Leads Network within the Tri-Cities to share information on technology companies in target industries.
- ✓ Place PNNL-sponsored pilot projects throughout the Tri-Cities and market their success to a national audience.
- ✓ Join relevant associations featuring the target industries identified in this Plan and attend their tradeshows and conferences.
- ✓ Maintain ongoing communication with state economic developers and state industry associations.
- ✓ Consider identifying a national broker-partner to assist with marketing and negotiations.
- ✓ Consider hiring an outside PR consultant with excellent contacts at major industry publications. Enhancing the perception of technology expertise and opportunity in the Tri-Cities can be helped by placing articles.
- ✓ Recruit additional conferences to the Tri-Cities in technology industries.
- ✓ Target science non-profits to relocate to the Research Park.
- ✓ Include international firms as part of the external marketing targeting effort, particularly Asian firms in biotechnology and electronics sectors.

3. Promote the Marketing Campaign as a regional effort, and make technology recruitment a top target for external marketing.

Clearly, the Tri-Cities is today a center for research in the state and U.S., but by targeting "technology" specifically, the leadership will signal to the public that the technology industry will be promoted and supported. Replacing the "Hanford" image with a "technology" image will be a significant step forward for the region. Other targets for the region should be agriculture/food, tourism, and distribution. The updating of the TRIDEC marketing plan provides new opportunity to re-task more of the organization's effort toward technology industries.

By creating awareness of the Tri-Cities and PNNL, the marketing campaign will improve the efforts of all marketing organizations in the Tri-Cities. AngelouEconomics strongly believes that every city, county, and port in the Tri-Cities should be a funding contributor to the marketing campaign. In addition to co-op marketing among governments, AngelouEconomics strongly recommends that all opportunities for co-marketing between the District and PNNL be strongly explored. PNNL should also become a financial contributor to future marketing campaigns by the Research District.

Any future action that takes place on behalf of the Research District should seek to accomplish one of two marketing goals: to create stronger awareness of the Research District and the Tri-Cities or to expand the number of regional participants supporting the growth of the District.

Improving the Research District

Economic development promotion is ultimately a marketing activity that has two functions: to promote a community and to improve the community's product. To be complete, an economic development plan should include community development recommendations as well as those for marketing to an external audience. Great economic development initiatives involve the entire community working together to improve the local "product" while the economic development organization works to improve awareness and perception of the community in the outside world.

Several steps will lead to a set of improvements for the Research District:

First, understand the unique selling points of the Tri-Cities. AngelouEconomics conducted an economic assessment of the Tri-Cities and the area surrounding the Research District, identifying the strengths of the region in support of business expansion and relocation (see Report 1). Core strengths include a low cost of doing business relative to other research cities, a technical workforce, PNNL research collaboration, and land availability. Weaknesses include a remote location with limited air access to major markets, low availability of quality buildings, low curb appeal and amenities in the District, and lack of incentives.

Second, understand your corporate targets for recruitment to the Research District. In Report 3, AngelouEconomics identified four primary target industries: Biotechnology, Clean Energy, Software & Computation, and Environmental. These targets reflect a combination of local capabilities, national growth trends, community desires, and overall marketability toward companies. By no means are these targets the only industries worth pursuing. AngelouEconomics anticipates that an ongoing effort to identify new technologies and target industries will be needed over the lifetime of the Research District. However, the need to connect the Research District target "best list" with a marketing campaign has become very clear. In many ways, a marketing campaign will give this target list "legs" to stand on by creating a clear, concise message based on the region's (and District's) best assets.

Third, understand what improvements will be required to transform the Research District into a world-class research park. Since the 1950's, research parks and incubators have been used by local communities as tools of economic development strategy. The research park movement, which started at Stanford and continued at Research Triangle Park in North Carolina, gained prominence during the 1980's when many universities created their own research parks. Research parks take decades of slow investment and support in order to flourish.

The Tri-Cities will need to apply consistent effort to the Research District in the form of marketing dollars, physical investments, and financial incentives over a long period of time to be successful. Expectations for an immediate boom in the Research District will be unrealized, and impatience will ultimately work against sustaining a deliberate marketing effort. AngelouEconomics has maintained publicly that job creation in the park may not exceed several hundred corporate jobs per year. Some years will be much less. Large corporate relocations such as manufacturing facilities or corporate headquarters will be difficult to win and unlikely. Successful relocation will likely be small research divisions with large corporations with the potential for manufacturing. Entrepreneurs and startups scouting licensing opportunities, developing new technologies, or needing technical expertise are a natural match for the Research District. Attracting or creating national research institutes will be an appropriate target. Regardless of their shape or size, research companies and institutions are on a strong growth path, as evidenced by strong growth in federal and state research funding and a reinvigorated venture capital market.

In Report 5, AngelouEconomics presented recommendations on Land Use improvements that will guide the development of the Research District. Given the modest expectations for job growth, AngelouEconomics has maintained that the land requirements for a research park are just 50 acres for a 10 year period. The Research District currently has 500+ acres of undeveloped, contiguous property, not including infill options in older parts of the District. With this low requirement, AngelouEconomics recommends that the new research park be focused on a small area south of PNNL's core campus. While the entire Research District will benefit from a renewed marketing campaign, new improvements and new facilities should be targeted toward this smaller area.

Priority land use recommendations from Report 5 include:

1. Create a Phase 1 designation for the Park for an initial 150 acres located south of Batelle Blvd.

By doing this, the cost of new infrastructure investments in the District will be less, the identity of the research park will be more closely aligned with PNNL, and a stronger clustering effect will be possible.

The Park should expand southward as new development occurs. Initial emphasis should be placed on strengthening the boundaries along the corridors Stevens Drive and George Washington Way. After corridors are strengthened, future development can fill in the Research District and extend new pedestrian walkways along Q Street south. Areva's property should be acquired or optioned. In addition, strengthen the corridor along Battelle Blvd. east toward the riverfront development through sidewalks, road improvements, and new retail if possible (east of GWW).

Promote the adoption and support of a mixed-use research campus around PNNL. The property to the south of PNNL (currently Battelle owned) would be developed to permit private enterprise in addition to future PNNL expansion. At the same time, it is assumed that the northern residential areas of Richland and possibly business/office uses would expand around Stevens Center and northward. A retail corridor at 1st Street would serve the Research District to the north, the residential/business district to the south, and, additionally, the manufacturing areas and educational institutions to the west and east.

2. Form a 501c3 Park Authority to manage the disposition of land, marketing funds, and new development design guidelines.

Successful parks typically utilize an independent non-profit corporation as the lead entity for a park. AngelouEconomics recommends that a Park Authority be established to guide the gradual development of land and oversee any marketing activities done by the Park. At its initiation, the Authority will be an entity without budget or staff, but as commitments are made, all funds should pass through the Authority.

A Memorandum of Understanding should be adopted by all partners in the new Park. A Memorandum of Understanding is a common tool used by public-private partnerships that seek to collaborate in both financial and non-financial terms. AngelouEconomics has provided samples to the Research District Advisory Committee to assist in the creation of a MOU for the Tri-Cities Research Park. AngelouEconomics recommends that the Park Authority attains some land control through the acquisition of options or MOUs on land in early phases of the Park.

Creating a Park Authority for a smaller park area south of PNNL will require that Battelle donate or option the land to the new organization. Expansion of the park south of Battelle property will require that Areva sell or option the land. Using options is likely the best alternative, as ownership would not need to be

transferred immediately. Rather, the new authority will have the option to sell the land for a period of time (5-10 years) to tenant companies as the market demands it. DOE, PNNL, and Battelle can be offered preferred pricing for its future, but still undetermined, expansion needs south of Battelle Blvd. Current owners of the land would be required to continue to make any necessary tax payments or maintenance expenditures.

New improvements to the Research Park made by the City of Richland or nearby tenants will naturally raise the market value of the land, and the Park Authority would be right to capture that new value. If a tax reinvestment zone is set up for the Park, the value of the land will also rise. Creating design guidelines and having central land control in the park is also expected to raise the overall value of (i.e. demand for) land in the park.

3. Create new development financing options and incentives for future park tenants.

While the private sector shoulders the majority of the costs of development, the public sector must lead a development program for the park. AngelouEconomics recommends that modest tax incentives and financial tools be created to attract new development and tenants to the Research Park. Incentives should be designed to enhance the quality of the Research Park without burdening new companies or developers with above-market upfront costs or lease rates. Incentives should not be used to subsidize ongoing lease payments (or loan payments). Leading options include the creation of a tax reinvestment zone, tax exempt financing, property tax abatements, and a land improvement district.

Whatever the mechanism, some portion of future tax payments should be earmarked (or promised) toward the Park budget. Today, minimal property tax payments are made for land in this smaller park area, and the City of Richland will gain more tax revenue from creating jobs (i.e. taxes on employee purchases) than taxing new development. Likewise, the cities of Kennewick, Pasco, and West Richland will also benefit from the growth of jobs in the District, as half of District employees live in cities other than Richland (and spend more of their retail dollars closer to their residences).

Given this “shared benefit” by all cities, AngelouEconomics recommends that each city, starting with Richland, commit to fund the Park budget according to the new taxes generated to them by the growth of the Research District. This can be done by creating interlocal agreements between the cities and the Park Authority (or cities between the cities). At best, 100% of new tax dollars should be reinvested by the cities into the Research Park. Richland may choose to reinvest their dollars into physical improvements (roads and sidewalks), while other cities commit funds to marketing initiatives. The counties and ports should also participate in this co-investment agreement.

4. Organize the Research Park using an improved Q Street as the Spine to connect northern and southern nodes of development.

A central circulation spine on Q Street, located between George Washington Way and Stevens Drive, connecting the various development areas within the District is recommended as a unifying element. The Spine will be an extension of the Lab’s pedestrian walkway and street connectors to 1st Street. This Spine should be anchored at the northern and southern boundaries of the District and allow for direct access along its length. Developing this Spine with abundant landscape amenities will promote an informal, pedestrian friendly environment typically found in successful Research Parks. Consider establishing the Q Street

connector early by investing in a hike/bike trail that would connect at 1st Street to WSU and route itself northward along the riverfront toward Battelle Blvd.

5. Begin a plan to redevelop the Richland Industrial Center.

Existing businesses are few in the Richland Industrial Center, and the cost of relocating them to other vacant buildings will not be significant compared to the benefit of removing this use from the center of the Research District. The Park's goal should be to allow the eventual merging of the north Research Park with new development near Stevens Center and WSU. The Richland Industrial Center in its current condition would block this future connection.

One recommended strategy to redevelop the RIC is to encourage mixed use development, including residential and retail, to extend north from Stevens Center. Residential, and some retail, are currently demanded in the area and could become an early addition to the larger Research District. If done properly, new mixed use development would help fund improvements along 1st Street and create a new "node" within the District at Q and 1st. The RIC can be partially redeveloped as office, lab, or retail by leveraging infrastructure improvements at neighboring residential, while still allowing some industrial uses to remain west along Stevens Drive. Connecting Stevens Center to this new node at Q and 1st will form an important part of uniting the District along a new spine on Q Street. A mixed use node at Q and 1st will also connect WSU better by allowing the development of student housing west of GWW and providing infrastructure and retail to support it. By allowing additional residential and retail development in the district, there is more opportunity to create public benefits such as landscaping, sidewalks, and parks. Support new restaurants and retail through Battelle-sponsored development with reduced rents or Battelle subsidies. Consider reducing the size of the proposed PNNL on-campus cafeteria in order to promote off-campus restaurant growth.

If the Port of Benton is unable to redevelop this area (in full or partially), consider a land swap between the City of Richland and the Port of Benton. If deed restrictions exist for the Richland Industrial Center, work to adjust or remove them to allow for redevelopment.

Implement the Research District Plan

Several catalyst points are occurring right now that will bolster the "ROI" of this new planning effort:

- The expansion of PNNL's core campus,
- The completed updating of the marketing plan for TRIDEC,
- A new state biotechnology fund,
- Continued progress toward gaining a 4-year university for the region, and
- A much improving national technology economy.

More can be drawn in to the conclusion that this plan represents a new future for the Tri-Cities and should be supported and adopted.

Diversifying the local economy away from Hanford toward new technology sectors is the natural next step for the region. All local industry clusters will benefit from this plan's success: Agriculture, Wine-Based Tourism, Distribution,

and Business Services. The Tri-Cities has a good foundation for pursuing new technology industries already. Many strengths come to the forefront: a well-educated and technical labor force, a good quality of life, available sites and land, and good infrastructure. Hurdles are not many, but they are sizeable: lack of or negative perception outside the region, poor state business and regulatory climate, distance to major U.S. markets, and lack of direct flights. One could also say that the region's comfort history with federal work has translated to a belief that the government will provide for the economy. We believe a public and private sector collaborative is required to fully realize a nationally successful research park.

With its many workforce and lifestyle strengths, the Tri-Cities must now compete as hundreds of other cities in the U.S. compete: through steady improvement in the community "product" that serves businesses, and an aggressive marketing campaign to generate demand for its services. The Research District is no different.

In this Plan, AngelouEconomics has laid out numerous recommendations that will propel the Research District toward success. A stronger technology community in the Tri-Cities will benefit all citizens, businesses, and governments, and should be strongly supported. Technology development should be the primary target for the region. This effort will require the support of many throughout the region, both in funds and human effort. We ask for your support for this Plan, and we welcome your assistance with its implementation.

The leadership of the Research District invites you to participate in the Research District's future. Join us:

www.ResearchDistrictFuture.com