

Report 6:
ORGANIZATIONAL PLAN



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Presented to:
TRI-CITIES RESEARCH DISTRICT

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REPORT 6: Organizational Plan

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Tri-Cities Research District

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Introduction

This report, "*Organizational Plan*," presents a summary of the organizational actions and decisions that will guide the implementation of recommendations in the *Marketing Plan* and *Land Use Plan* (reports 4 and 5) for the Research District.

This report is part of a broader effort, the *Research District Land Use and Marketing Plan*. 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. To date, numerous organizations and businesses have already provided significant input for this plan.

The Process

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. This final report 6, "*Organizational Plan*", outlines specific actions that should be taken by local institutions and governments to support the marketing and land use plans.

AngelouEconomics reviewed several past land use reports as part of our analysis. **Several studies proved particular useful:**

- Science & Technology Park Master Plan, 1996
- "Business and Industry Targeting Study," TRIDEC, June 2004
- "2005 Work Plan", TRIDEC Commerce and Industry Division, January 2005
- "A Strategic Plan for Richland, Washington", November 2003
- "Higher Education in the Three Rivers Community", Higher Education Task Force Report, Three Rivers Community Roundtable, August 2004
- Richland Comprehensive Plan, 2004 Update

Our plan is guided by our own visual 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. Local developers and District landowners have also been consulted throughout the process. 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.

AngelouEconomics gathered qualitative data through focus groups, face-to-face interviews, telephone interviews, and community tours. 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. 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.

**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 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 began in late January 2005 and will continue in the early months of 2006: This endeavor will yield 6 separate reports that will guide the community through the development of the Research District:

Report 1: Economic & SWOT Assessment

Provides an overview of the Tri-Cities economy and highlight unique strengths that will support future economic development

Report 2: Research Park Case Studies

Examines 6 leading research parks and national labs in the U.S. to identify their best practices

Report 3: Target Industry Recommendations

Identifies specific industries and sectors that are most suited to attract to the Research District based on Tri-Cities assets

Report 4: Marketing Plan

Recommends actions that will best promote the Research District and Tri-Cities to target industries for relocation or expansion

Report 5: Land Use Plan

Provides recommendations on how the physical environment should be prepared or developed for new corporate investment in the Research District.

Report 6: Organizational Plan

Outlines specific steps that should be taken by local institutions and governments to support the Marketing and Land Use plans

Report Format

This report, *Organizational Plan*, presents a summary of the organizational actions and decisions that will guide the implementation of recommendations in the *Marketing Plan* and *Land Use Plan* (reports 4 and 5) for the Research District.

This report is outlined as follows:

1. Park Structure and Management
2. Development Financing and Incentives
3. Entrepreneurial Services
4. Marketing Implementation

AngelouEconomics provides recommendations in four areas that will guide the successful implementation of the *Research District Land Use and Marketing Plan*.

1. Park Structure and Management

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 a Park Director be hired when the timing and funds are set. No successful parks exist in the U.S. that do not have their own independent, dedicated director.

Overall, a new vision and mission for the Park must be adopted by Park partners and their supporters throughout the Tri-Cities.

2. Development Financing and Incentives

While the private sector shoulders the majority of the costs of development, the public sector must lead a development program. AngelouEconomics has recommended that the park focus on Phase 1 on Battelle, land south of the PNNL core campus. As more land is required, phasing will work toward the south, ultimately connecting PNNL to WSU-Tri-Cities and the Stevens Center (see Report 5, *Land Use Plan*, for full details.)

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, and property tax abatements. In addition, AngelouEconomics recommends that the Park Authority attain some land control through the acquisition of options or MOUs on land in early phases of the Park.

AngelouEconomics recommends that the Park be anchored by a new "Innovation Center". A key component of successful research parks is providing a location for small startups in flexible leasing space in multi-tenant facilities. Currently, few good options like this exist in north Richland (and sublease space is short overall). A new Innovation Center facility would anchor the park and be a leading step forward in creating a public-private collaborative building. Creating a Phase 1 for the Research Park that includes PNNL/Battelle facilities, public-private facilities, and private sector facilities should be the goal. A "mixed"

development for the park will convey a positive image of momentum to the local and national businesses. The Park Authority should continue to explore state and federal grant support for new facilities and its programs.

3. Entrepreneurial Services

Parks act as central organizers for entrepreneurial support services. Usually an incubator is housed within research parks where companies can receive on-site support, equipment sharing, and flexible leasing arrangements.

The Tri-Cities Enterprise Center is currently conducting a feasibility assessment to explore ways to improve collaboration among various business support organizations and to explore the possible consolidation of services and incubators.

If consolidation is determined to be feasible, AngelouEconomics recommends that any technology-related services be contained in a new facility in the Research District. This "Tri-Cities Technology Incubator" would serve small startups seeking technology assistance, mentoring, and collaboration. This incubator would ideally be part of a new facility (the "Innovation Center") that would offer space to private companies on a short-term lease arrangement to companies and centralization of some staff from the TEC, WSU-Tri-Cities, TRIDEC, Port of Benton, or PNNL EDO. Unique services should be available in the incubator.

AngelouEconomics recommends that more be done to build a stronger support system for technology entrepreneurs and small businesses in the Tri-Cities. A critical component of research clusters in the U.S. is a strong social support network that connects like-minded entrepreneurs to each other and allows support organizations to market themselves. This can be helped by the creation of a "Technology Entrepreneurs Association" and an "Angel Investor Network" for the Tri-Cities. New programs should be created in high schools and colleges to train an entrepreneurial workforce of the future for the Tri-Cities.

4. Marketing Implementation

In report 4, *Marketing Plan*, AngelouEconomics laid out numerous recommendations that will change the awareness and perception of the Research District and the Tri-Cities nationally. Good, consistent marketing should be the fabric of the entire plan for the Research District. To accomplish this, AngelouEconomics recommends that a Marketing Compact be created that will bind the various organizations in the Tri-Cities to collaborate on marketing activities. Also, a Target Marketing Team should be formed that will oversee the Marketing Plan and assist with content creation, lead generation, and fundraising.

In conclusion, the Tri-Cities region has a unique opportunity today to establish a reinvigorated "Tri-Cities Research Park". Strong commitments for collaboration will be required, and marketing activities to sell the Park to a national business audience will require new funds and new action.

The shortcomings of past studies or efforts should not detract from the implementation of this Plan. Now is the time to collect and apply all available resources to this effort.

Several catalyst points are occurring right now that will bolster the ROI of this new 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 leadership of the Research District invites you to participate in the Research District's future. Join us:

www.ResearchDistrictFuture.com

1. Park Structure and Management

The purpose of any research park must be clearly defined and continually communicated to the park's current and future stakeholders. Strong teams are required and, often, a prominent, forward thinking champion will guide the park's vision. Park management should be clearly defined but allow for flexibility as the market demands it.

Organizational Recommendation 1.1: Define the Park's Vision and Mission.

A clear vision for the Research District was created by AngelouEconomics 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.

AngelouEconomics recommends the following vision for the Tri-Cities Research Park:

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

A mission reflects the responsibilities of Park Partners to achieve this "world-class" vision:

**The mission of the Tri-Cities Research Park and its Partners
is to provide access to the technical, labor, and capital resources
needed by technology companies to successfully
develop, commercialize, and market their products globally.**

All park partners should recognize and adopt these vision and mission statements as a part of their own programs.

These vision and mission statements do not define the Research Park as a real estate function, but rather the Park is an entity to connect national and local technology companies to workers and markets. The mission recognizes a commitment to marketing first and allows the real estate functions follow second.

Organizational Recommendation 1.2:

Establish a non-profit corporation (501c3) to serve as the Park's lead financial entity.

The Park Authority's financial responsibilities will be to manage new marketing funds and budgeting, to manage the receipt and disposition of land, and manage the creation of MOU's among park partners.

The formation of a non-profit organization (501c3), which leases the land from the public entity and then sub-leases to park developers or companies constructing their own facilities, is a tool frequently used in park management. One advantage of this form of organization is that it enables the ownership entity to limit liability issues. Most importantly, it enables management decisions such as employment, staffing, and price positioning to be conducted in a discreet manner.

The Park will need a financial entity to receive and distribute funds and assets as this Plan is implemented. 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.

The Authority should be the organization to manage:

- Marketing funds that are committed by the public or private sector for spending on marketing the Research Park (website, conferences, advertising, etc.)
- Agreements with landowners to market their property
- Land sale options for currently undeveloped property in the Park
- Pass-through leasing arrangements by the public sector for space in new multi-tenant buildings in the Research Park
- Private sector charitable contributions
- Grant applications on behalf of research-based economic development projects (site development, infrastructure, new facilities, program funds)
- Agreements between landholders and the public sector relating to future infrastructure investment commitments, design guidelines, and tax incentives for new development
- Tax-exempt bond financing for new development in the park

Several of these issues are discussed in more detail later in this report.

The Authority's Board of Directors should be established based on the commitments by public and private sector organizations in support of the full *Land Use and Marketing Plan*.

Strengthening the Park Authority long-term should be the default position of its partners through financial and legal commitments.

Organizational Recommendation 1.3:

Authority partners should sign a Memorandum of Understanding (MOU) that establishes responsibilities.

A Memorandum of Understanding is a common tool used by public-private partnerships that seek to collaborate in both financial and non-financial terms.

Several research parks have been managed under an MOU, with parties that have included local governments, school districts, universities, state agencies, and private developers. An MOU can include a broad range of issues such as how the parties will agree to market the Park, protocols for prospect handling, terms for land sale, and joint funding efforts for beautification.

AngelouEconomics has provided a sample MOU from Sandia Science & Technology Park for use as a guide in early implementation efforts of the Tri-Cities Research.

Organizational Recommendation 1.4:

Hire a Research Park Director.

The funding and selection of a Park Director will be an important step in the Research Park's long-term success. The Park Director should have national experience in research parks, marketing, and business development.

Two options exist for hiring a Park Director:

1. **Conduct a national site search with a recruitment agency.**
The cost of finding a director will be significant, in addition to a sizeable annual salary. Compensation should be performance-based.
2. **Identify a Tri-Cities organization to "designate" an employee that will serve as the Park Director.**
Re-tasking a current employee to this new position would require fewer funds and could happen much faster. Current knowledge of the Research District and the Tri-Cities will substantially improve the Park Director's ability to implement the organizational and land use elements of this plan, from achieving commitments from local partners and guiding land agreements.

If neither of these options are possible, at a minimum, designate an individual in the Tri-Cities "part-time" to the Research Park (put it in their job description).

Hiring a nationally experienced Park Director will deliver an existing network among the research park community, experience with the legalities of running a park, and marketing-savvy about technology companies.

Organizational Recommendation 1.5:

Re-establish the current S&T Park Board as a Park Advisory Council and expand its membership to include key regional organizations and companies.

As presented in this Plan, the entire region will benefit from a regional approach to marketing the Tri-Cities as a technology location. The Tri-Cities Research Park is the preferred option, but it is one of several locations for technology companies. Given regional nature of a technology marketing campaign, the Advisory Council should include members outside of north Richland that have a stake in the Park's future.

The S&T Park Board's focus on land issues has limited its ability to generate leads for the Park. The new Park Advisory Council's primary goals should now be marketing the park to outside companies and promoting collaboration throughout the region.

As mentioned in Recommendation 1.2, a Park Authority should be established with a Board of Directors that has a strong (financial) commitment to the Park. As such, some current S&T Park Board members will be on the new Board of Directors, but not all. The Park Advisory Council can be a signatory to the Authority MOU as a supporting entity.

2. Development Financing and Incentives

While the private sector shoulders the majority of the costs of development, the public sector must lead a development program. AngelouEconomics has recommended that the park focus on Phase 1 on Battelle land south of the PNNL core campus. As more land is required, phasing will work toward the south, ultimately connecting the Park to WSU-Tri-Cities and the Stevens Center (see Report 5, *Land Use Plan*, for full details.)

Organizational Recommendation 2.1: Establish Tax Incentives and Financial Tools to attract new development and tenants to the Research Park.

Research parks should not rely on incentives alone to be competitive, but most work to provide a quality product at a reasonable price through some form of incentives. In the case of the Tri-Cities 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).

Several tools are commonly used by research parks to attract quality tenants:

- Tax increment financing
- Below-market lease rates on land
- Property tax abatements
- Tax-exempt bond financing
- Public grants or guaranteed loans

AngelouEconomics recommends that governments commit to making the Research Park a tax reinvestment zone, whereby new property tax revenues generated within the Research Park are committed to projects that enhance the value of the Park.

Local Improvement Districts (LIDs) are a common tool in the state of Washington for committing future tax revenues to a specific geographical boundary. They tend to be more appropriate for new development, whereas TIFs (tax increment financing districts) are more appropriate for redevelopment zones. Currently, the use of Tax Increment Financing (TIFs) is complicated and often unavailable in the state of Washington due to constitutional issues. TIFs are typically used to borrow money and pay back the bonds based on the increase in property tax payments from future new investments.

The City of Richland has some experience with LIDs and should **explore the suitability of a LID for Phase 1 of the Research Park.**

Establishing a mechanism for committing future tax revenue to the Park is preferred, but inter-governmental agreements can also work. As with the Park Authority's MOU, local governments are able to sign MOUs relating to future revenue commitments to the research park. The goal of the MOUs would be to assign a current taxable value of the Research Park for each government agency and determine how an increase in taxable value would spur new investment by the government agency. These MOUs could apply to a city, county, or port and could even include jurisdictions not found within the Research District, such as the City of Kennewick and Port of Kennewick.

Today, minimal property tax payments are made for land in the Phase 1 area of the Research Park, and the City of Richland will gain more sales tax revenue from creating jobs (i.e. taxes on employee purchases) than taxing new property. 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 according to the new taxes generated to them by the growth of the Research District. AngelouEconomics recommends that 50-100% of new tax dollars be reinvested by the cities into the Research Park.

In addition to tax reinvestment commitments, the City of Richland should offer fee waivers for select projects in the Research Park. Provide discounts on building permit fees, tap fees, inspection fees, and any other fees related to the development process for target industries, depending on the number of jobs created and the amount of capital investment involved.

Organizational Recommendation 2.2:

Establish conditions by which the Park Authority would be able to own purchase-options for land with the Research District.

The viability of "ownership" of land by the Park Authority will be driven by its ability to market the Park and generate demand for sites or speculative development.

Land control is a key component of research parks, and multiple ownership of land among private and public entities has not served the Research District well. Infrastructure improvements have been sporadic and disconnected. Land values have not increased as new investments are made, and the taxable value of the area has stayed relatively flat. Designs of new buildings have been inconsistent, and design has not contributed to unity within the Research District.

AngelouEconomics has recommended that the initial phase of the Research Park be contained within Battelle property south of the PNNL main campus. For the Park Authority to have some land control would require that Battelle option the land to the new organization. Further expansion of the park south of Battelle property will require that Areva sell or option the land as well. Using options is an excellent alternative to land sales or donations (remember, most parks have one owner, and many subsidize site costs). Options would not require lengthy negotiations for ownership transfer or new funds. Rather, the Park 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. Ideally, the Authority would receive the option at a below-market strike price, given its public purpose of economic development and job creation. DOE, PNNL, and Battelle can be offered preferred pricing for its future, but still undetermined, expansion needs south of

Battelle Blvd. so that future plans would not have to be dramatically changed. 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, benefiting the Authority that has options on the land. 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.

By giving the Authority a financial stake in its success, it is better incentivized for performance. By establishing some level of consistent oversight to land in the Park (including covenants, restrictions, architectural design review agreed to in new MOUs), the Park Authority will assure new investors that their asset will be protected from undesirable neighbors as the years go by.

Organizational Recommendation 2.3: Establish of an “Innovation Center” multi-tenant facility in the Research Park.

A key component of successful research parks is the ability to place small startups in flexible leasing space in multi-tenant facilities. A new Innovation Center facility would anchor the park and be a leading step in creating a public-private collaborative building.

Currently, no Class A office space is available near PNNL that would attract companies from major technology cities in the U.S. Quality sublease space is short overall throughout Richland and the Tri-Cities.

In U.S. research parks today, companies indicate that the “prestige factor” is one of the primary reasons for them choosing to locate within a research park. Major companies select the park because of the prestige of association with the research institution, and small companies choose the park because association with the research institution, and the major companies lend the small company credibility with investors. This “prestige factor” is an important one, and it places research parks in a “high-end” price position on the real estate price continuum.

The proposed Innovation Center will strongly enhance the “prestige factor” for locating in the Research Park. As the Innovation Center is marketed to a national audience, its tenants will also gain from that marketing (prestige).

Phase 1 of the Research Park should include a mix of buildings and the Innovation Center. Including PNNL/Battelle facilities, public-private facilities, and private sector buildings should be the goal. A “mixed” development for the park will convey a positive image of momentum for the Park to local and national businesses (and tenants).

Organizational Recommendation 2.4:

Pursue state and federal partnerships and funding support for the development of the Research Park.

Every successful research park creates new partnerships constantly, with the stakeholders, the researchers, entrepreneurs, the real estate development and brokerage communities, government, industry associations, and the community.

As recommended in the Marketing Plan, the Park should maintain ongoing communication with state economic developers and state industry associations. Strong state support and awareness will be very valuable in driving prospect activity to the Research District. Speaking at various economic development and industry events are excellent public relations opportunities.

In addition, the Park Authority should be the lead in identifying and pursuing grant opportunities from federal agencies (e.g. the Economic Development Administration, Small Business Administration), national foundations (e.g. Kauffman and Knight-Ridder), and state agencies.

3. Entrepreneurial Services

Successful research parks create environments in which intellectual stimulation is paramount. Parks provide services including conferences and events, networking promotion, research partnership enhancement activities, video conference and presentation enablement, and leadership in state and local economic development agencies.

Organizational Recommendation 3.1: Expand and/or consolidate entrepreneurial support services in the Research District.

Currently several organizations offer business support services in Richland including:

- Tri-Cities Enterprise Association (Center)
- WSU-Tri-Cities and Columbia Basin College
- Small Business Development Center
- PNNL Economic Development Office
- Applied Process Engineering Laboratory
- Port of Benton
- City of Richland

In addition, the cities of Kennewick and Pasco provide some support to entrepreneurs, and a Small Business Development Center exists in Kennewick.

The Tri-Cities Enterprise Center is currently conducting a feasibility assessment with AngelouEconomics to explore ways to improve collaboration among various business support organizations, and to explore the possible consolidation of services and incubators.

If consolidation is determined to be feasible, AngelouEconomics recommends that any technology-related services be contained in a new facility in the Research District. This "Tri-Cities Technology Incubator" would serve small startups seeking technology assistance, mentoring, and collaboration. This incubator would ideally be part of a new facility (the "Innovation Center") that would offer leaseable space to private companies on a short-term lease arrangement. Ideally, space would be leased at submarket rates, but tenants would be limited in how long their stay in the incubator could last. Individuals that provide business support would be centralized nearby (within the "Incubator" or the "Innovation Center") from the above organizations, including TEC, WSU-Tri-Cities, TRIDEC, PNNL EDO, etc. [See Recommendation 2.3 on the "Innovation Center"]. Unique services should be available in the incubator.

If created, a new incubator should provide the following services: onsite mentoring, broadband access, video conferencing, server room, meeting space, secure sublease areas, printing / fax room, and server software use.

Organizational Recommendation 3.2:

Build a stronger support system for technology entrepreneurs and small businesses in the Tri-Cities.

A critical component of research clusters in the U.S. is a strong social support network that connects like-minded entrepreneurs to each other and allows support organizations to market themselves.

Today, while many organizations have programs to assist entrepreneurs, networking within the Tri-Cities is not what it should be. Organizations listed above (recommendation 3.1) hold a variety of events.

Create a “Tri-Cities Technology Entrepreneurs Association” as a regional organization that is distinct from the Tri-Cities Enterprise Center and chambers of commerce, but likely a sub-group of the Three Rivers Entrepreneurs Associations. Hold more collaborative events in the Tri-Cities. All events that have a focus on technology entrepreneurs should be organized under the umbrella of this regional entrepreneurs association including any events hosted by cities, ports, and PNNL. Maintain a central online calendar of technology events in the Tri-Cities, and allow events to be marketed and take rsvp’s through an online system. Make the association an information clearinghouse for the region.

Establish a Tri-Cities Angel Investor Network to connect entrepreneurs with angel investors and venture capitalists.

Organizational Recommendation 3.3:

Create future entrepreneurs in the Tri-Cities by creating an Advanced Research and Technology program for local high schools.

An excellent example of preparing high school graduates for the technology industry is the CART in California (Center for Advanced Research and Technology).

CART is one of the most far-reaching efforts at improving secondary public education ever developed in the United States. Created jointly by the Fresno and Clovis Unified School Districts in California, CART (www.cart.org) is a charter school designed to improve the public education system and prepare students for higher education and participation in the workforce.

CART was created in 2000 in collaboration with businesses and community agencies to educate students in an atmosphere using a variety of curricular disciplines. The program is organized to prepare students to work in four career clusters: Professional Sciences, Engineering, Advanced Communications, and Global Economics. Students work in career-specific laboratories to complete industry-based projects and receive advanced academic credit for English, science, math, and technology. All classes at CART are college preparatory and satisfy all academic requirements of the California State University and University of California systems.

CART is designed for eleventh and twelfth grade students from 18 high schools in the Clovis and Fresno Unified School Districts who attend half-day classes at the CART facility. Courses are taught in laboratories by teams of instructors from both education and business. The CART program has allowed both school districts to make systemic change in public education in the San Joaquin Valley.

Preparing Tri-Cities graduates for the competitive, global economy will enhance the region's ability to create new businesses and attract students to the Tri-Cities after graduating from college.

Organizational Recommendation 3.4:

Expand the availability of a young, entrepreneurial workforce by continuing to support the establishment of a 4-Year university in the Tri-Cities.

Most technology clusters across the U.S. enjoy the benefits of 4-year universities that often have top research programs. A 4-year university in the Tri-Cities would serve two economic development goals: to provide a steady flow of graduates with degrees in skill areas attractive to technology industries and to strengthen the region's research capabilities.

The Tri-Cities region has two higher education institutions that have served it well: Columbia Basin College, a public two-year community college based in Pasco that enrolls over 7,500 full-time and part-time students and offers associates' degrees in a variety of academic and pre-professional programs, and Washington State University Tri-Cities, a campus with more than 1,200 full- and part-time students and a curriculum offering 17 bachelors' and 13 masters' degree programs.

Business, political, and education leaders in the region have long recognized the need for a four-year university to add a catalyst to the region's economic development efforts. The need for such an institution culminated in a report by the Higher Education Task Force about an organization known as the Three Rivers Community Roundtable. The Roundtable was created in April 2001 to "serve as a forum where community leaders come together to communicate, coordinate, integrate, and facilitate their respective strategies for achievement of the regional vision," according to the document the Roundtable produced on the need for a four-year university in the Tri-Cities.

The Roundtable's Higher Education Task Force was given the task of analyzing the higher education needs of the region and make recommendations on "how to grow educational opportunities in the region," with the most pressing issue being the establishment of a four-year university.

In its report completed in August 2004, the Task Force recommended the establishment of the Washington Institute of Technology, or "Wash Tech," which would be formed by "combining Columbia Basin College and Washington State University Tri-Cities into a publicly funded four-year institution of higher education offering baccalaureate, master's, and PhD degrees." The new institution would continue to offer the traditional programs of a community college, including associate degrees, career development, and basic skills education. The report also recommended

that the Roundtable advocate for passage of legislation creating Wash Tech in the 2005 legislative session and begin efforts to build public support for the university. Though the legislation did not pass, efforts to create the university should continue.

Organizational Recommendation 3.5:

Expand the role of WSU-Tri-Cities in support of market development for Tri-Cities technology companies.

Universities can play a strong role in assisting companies with their growth plans, either through the use of student interns, professor engagements, or curriculum development.

WSU-Tri-Cities has made good progress in expanding its role as service provider to the business community and student population.

AngelouEconomics recommends that WSU-Tri-Cities expand its internship program that offers business and marketing research for growing technology companies. More students should be taught through real-time experience based on revenue-focused plans. In addition, more student interns should be brought in from other campuses in the State of Washington that desire experience with technology companies.

Also, the university should encourage its professors to find new consulting opportunities that assist entrepreneurs and technology firms. Often, these engagements can be funded through non-profits, federal grants, or foundation assistance.

WSU-Tri-Cities should work to expand its business curriculum with a focus on classes that are most relevant to technology entrepreneurs.

4. Marketing Implementation

Organizational Recommendation 4.1:

Sign a collective Marketing Compact by all Tri-Cities organizations that currently market to an audience that is external to the region.

Marketing the Research Park will require the participation of numerous organizations such as chambers of commerce, ports, cities, counties, PNNL, and the visitors and convention bureaus.

The Marketing Compact should include agreements on:

- Co-marketing via mail collateral
- Sharing of information for inclusion in national media advisories and articles
- Protocols for offering “leads” on technology companies that would have an interest in the Park (include these in the target company database that is maintained by the Park)
- Co-participation in national conferences
- Joint membership to national industry associations (or just sharing information gained from them)
- Commitments to provide new and regular content for publication on the Park website and newsletters
- Commitments to report to local constituents new developments in the Park (e.g. articles should be published in multiple outlets in the Tri-Cities)

Organizations should consider co-funding a national public relations agency to place articles on the Tri-Cities in national publications. The agency would ideally be able to place a variety of articles on tourism, technology news, and recruitment wins, allowing all agencies to capture new benefits from the agency's efforts.

Organizational Recommendation 4.2:

Form a Target Marketing Team.

Regular meetings and planning sessions will be required to create a multi-year marketing action plan that is consistent across all marketing organizations and implemented well.

Include private sector companies on the Marketing Team (on a rotating basis) so that “Peer-to-Peer Marketing” is a component of marketing. AngelouEconomics believes that the private sector can provide much of the vision for marketing to industry, including specific company leads and contacts, educating officials on new industry trends, and guiding the design of marketing materials. Establish and conduct the Marketing Team as if it were a private sector marketing department for a technology startup: focused on delivering maximum awareness and sales. Use the *Research District Marketing Plan* as the guiding document for the Team.

The first priority for the Marketing Team is to raise new funds for the Park's marketing campaign (AngelouEconomics recommends a marketing budget of \$50,000 for Year 1, \$100,000 for Year 2, and \$150,000 in Year 3).

Early implementation of the Marketing Plan will include designing a new website for the Park, creating a quarterly newsletter, and gaining support from state officials for the overall Plan. If budgets allow, plan an exploratory mission to a U.S. technology city with a comparable research park (such as the Sandia Science & Technology Park or Purdue Research Park).