

ATTACHMENT E

The Walla Walla Innovation Partnership Zone Business Plan

Vision: The Walla Walla IPZ vision is to foster a healthy economy and a healthy environment through collaborative partnerships that seek to maximize and combine the strengths and capabilities of participating organizations with an overall goal of maintaining and creating living wage jobs, advancing wages, and improving the quality of life of all who live in and are directly impacted by the IPZ.

Mission: Our mission is to promote innovative approaches to economic, environmental and cultural sustainability through talent, investment, and infrastructure, and implement strategic initiatives that positively shape the development of our region's economy.

Leadership/Governance: The Innovation Partnership Zone governance structure will be comprised of an Executive Leadership Team and an IPZ Executive Board. There are seven seats on the Leadership Team to be held by IPZ representatives from the City of Walla, the Port of Walla Walla, Walla Walla County, the Walla Walla Community College, Nelson Irrigation, ETS Labs, and the Confederated Tribes of the Umatilla Indian Reservation. The Executive Board is comprised of all partner organizations.

The Executive Leadership Team will meet monthly or as needed to discuss the implementation of our IPZ strategic plan initiatives. The purpose of the meetings will be to ensure all members of the Team are up-to-date on IPZ developments and are able to provide the necessary support to advance the implementation of IPZ initiatives. The City of Walla Walla agrees to serve as IPZ administrator and fulfill the expectations of this administrative role. Walla Walla Community College agrees to assist the City in planning, managing, and evaluating initiatives identified in the strategic plan. Walla Walla Community College will also serve as the IPZ headquarters by providing office space, meeting space, staff resources to facilitate the IPZ Board, and IT infrastructure to facilitate communications throughout the IPZ.

The Executive Leadership Team will meet with the IPZ Board on a quarterly basis, or as needed. The purpose of those meetings is to share information pertaining to IPZ strategic plan initiatives, implementation strategies, new developments, and overall IPZ coordination.

In year one, the City of Walla Walla and Walla Walla Community College will provide staff resources to ensure the proper attention is paid to the administration of the IPZ. The City of Walla Walla will allocate .15 FTE and Walla Walla Community College will provide .10 FTE. Our intention is to establish a financial commitment for each IPZ partner so that by year three the IPZ can support a new staff position of at least .5 FTE. The creation of a funded organization with a staff will help ensure the sustainability and endurance of the IPZ over time. IPZ leaders and members will also seek funds through grants, contracts, and the state legislature in order to support our organizational efforts.

Strengths of the IPZ: In 2006-2007, Walla Walla Community College commissioned a study of the Walla Walla wine cluster in order to understand better the economic development of the local wine industry and its impact on the broader regional economy. That study served as the basis for IPZ designation in late 2007, and provided crucial

information that guided the formulation and implementation of several strategic initiatives in subsequent years.

Over the past five years, the Walla Walla IPZ provided the means through which several accomplishments were achieved that contribute to the overall economic and environmental health of the Walla Walla region. Those initiatives include expanding ETS laboratory space and new classroom chemistry labs in the Enology and Viticulture Center, expanding laboratory space in the Water Center, investing in information and communication technologies infrastructure, and securing approximately \$1.2 million for the design of a skills center to be built on the Community College campus. Re-designating the Walla Walla IPZ will provide our partnership team with the organizational infrastructure to continue the collaborative process of economic development planning and advocacy over the next several years.

Our shared vision of economic development planning rests on targeting investments in three distinct, yet interdependent pillars of innovation: talent, investment and entrepreneurship, and infrastructure. Having focused on those components of economic development over the past five years, the Walla Walla IPZ has established a foundation in innovation and technology, human capital and talent attraction and retention, and infrastructure development. From 2006 – present, employment in the Walla Walla IPZ increased 11% and manufacturing employment rose 21%.

- **Technology:** The Walla Walla IPZ is the locational choice for privately held, globally competitive firms: Nelson Irrigation, ETS Laboratories, Reiff Manufacturing, and most recently, UNIBEST International (more detailed profiles of those firms are provided in Section 3). All four firms have experienced significant growth in the past several years with new markets opening up and providing opportunities for expansion. ETS Laboratories, a direct beneficiary of our IPZ designation, experienced a 25% rate of growth in their Walla Walla Community College facility after infrastructure improvements doubled their capacity to service the Washington wine industry. UNIBEST International is a highly innovative firm whose applied research partnerships produce patent protected technologies that are the source of its global competitive advantage. The WWCC and UNIBEST are currently discussing a public-private partnership that entails UNIBEST occupying laboratory space in the Water Center, which will provide access to state-of-the-art infrastructure and enable UNIBEST to advance its commercial research agenda in Walla Walla.
- **Human Capital:** Human capital is a critical component of economic development where knowledge creation and application are crucial underpinnings to achieving and maintaining regional advantage. In regard to human capital development, Walla Walla Community College cultivates local talent through identifying high demand occupations where there exists a skills gap in order to respond effectively with an appropriate workforce and technical education program. In addition to successful workforce education and training programs in health care and agriculture, programs in enology and viticulture, culinary arts, and alternative energy have successfully produced labor market ready graduates. Since IPZ designation in 2007, WWCC established professional and technical education programs in Watershed Ecology, Irrigation Technology, and Water Resources Technology, which received the Workforce and Economic Development Best

Practices award by Governor Christine Gregoire in 2010. In 2009, WWCC and Tourism Walla Walla partnered to provide SuperHost® seminars and courses to advance the skills of the region's hospitality workforce. In our recent study of the wine and hospitality cluster, we conducted a skills gap analysis for occupations concentrated in the regional economy (*See Attachment H, pp. 88-89*). That analysis provides us with an entry point to drill deeper into those areas that we identify as having strategic value and growth potential in the Walla Walla region. Our preliminary analysis identifies several occupational fields where WWCC has already or is seeking to establish programs to address occupational demand. Those programs include culinary arts, energy systems and technical maintenance, accounting, marketing, small business development and entrepreneurship, and robotics.

- **Infrastructure:** Infrastructure development and improvement is a high priority for the Walla Walla IPZ. Since receiving IPZ designation in 2007, the City of Walla Walla extended broadband infrastructure so that more IPZ businesses now have access to high speed internet, which can open up new markets and present opportunities for expansion. A regional focus on water quality and conservation has been the centerpiece of the Water Center. The Walla Walla Watershed Management Partnership was formed in 2005 to address water quality and manages a water bank that increases the flexibility of usage and transfer of water in the valley. The Partnership, the Water Center, and the Confederated Tribes of Umatilla Indian Reservation initiated stream and watershed restoration projects in the Walla Walla Valley. Research conducted by the Institute for a Sustainable Environment at the University of Oregon shows the positive employment and economic impacts of forest and watershed restoration and demonstrates the economic benefits of sustainability (*Attachment I, pp. 143-146*). Though we have not examined the economic impacts of watershed restoration in the Walla Walla area, there is value in pursuing that type of investigation so we could understand more precisely the way those investments can benefit the region. Additional infrastructure improvements included two capital projects that expanded the Enology and Viticulture Center and the Water Center on the Walla Walla Community College campus. The Enology and Viticulture Center expansion increased the capacity of ETS Laboratories to service the Washington wine industry, as evidenced by 25% growth in 2010, and provided more on-site teaching lab space. The expansion of the Water Center provides laboratory space that will be utilized by the Confederated Tribes of Umatilla Indian Reservation in an effort focused on watershed restoration and salmon recovery. WWCC is also forming a public-private partnership with UNIBEST International, who will occupy the laboratory space in the Water Center to carry out its agenda in applied research as it pertains to soil and water quality and conservation. Other infrastructure improvements that were achieved over the last five years include improvements at the Walla Walla Regional Airport: street maintenance, sewer and waterline extension and replacements, storm water improvements, ingress and egress improvements, and tenant improvements to Airport-owned buildings.

Long-term Market Growth: Our recent study on the wine and hospitality cluster and the IPZ shows a long-term market, and employment and earnings growth in several key sectors. Since 2006, the Walla Walla IPZ experienced an aggregate 11% growth in employment and 33% increase in total earnings, which demonstrate regional economic resilience in the face of national recession. For instance, manufacturing employment,

which includes wine production, was up 21% during that period. Our study also includes location quotients calculated from economic data combined into clusters of similar and related industries. As a measure of geographic concentration, clusters with location quotients exceeding 1.0 are interpreted as export industries and compose the region's economic base. Our calculations show the wine industry has a location quotient of 50.2, and non-wine manufacturing has a location quotient of 1.3. Other significant clusters worth mentioning are agriculture and food production (LQ=3.4), higher education (LQ=1.2), health and life science (LQ=1.0), and lumber, wood and paper manufacturing (LQ=2.3).

In addition to the wine and hospitality cluster, there is long-term market growth potential in water, specifically irrigation technologies and products, conservation and restoration, and water quality. Several of our IPZ partners are focused on those aspects of water, namely Nelson Irrigation, UNIBEST International, and the Confederated Tribes of Umatilla Indian Reservation. See Table: Globally Competitive Firms Linked to Commercial Research in Attachment C, Section 2 for a detailed review of those firms, their market orientation, and the product and/or service provided as it pertains to water. One focus of the IPZ is to support those firms in their pursuit of innovation in products and processes. The IPZ will do that through a variety of initiatives in three areas: talent, investment and entrepreneurship, and infrastructure, which we believe compose the supply architecture of innovation-based economic development.

Entrepreneurial Climate in the Proposed Zone: Economic development in the proposed Walla Walla IPZ is driven by the entrepreneurial activity of small and medium sized firms. Our recently completed study of the economic impacts of the Walla Walla wine cluster and the IPZ shows that the wine cluster, which includes related hospitality industries (lodging, dining, and the arts), is a motor force shaping the dynamics of regional growth. In fact, the study demonstrates that the Walla Walla regional economy would have been stagnant over the past several years without the presence of a wine and wine tourism economy. Notwithstanding these uncertain economic times, the wine-related economy continues to grow and is projected to account for approximately 20% of the region's economic base by 2020 (currently, its share is over 14%). That said, wine and hospitality are not the only important industries in Walla Walla. The regional economy is already diverse, characterized by a strong presence in agriculture, higher education, public sector activity, and manufacturing (wine and non-wine). Indeed, the addition of wine and tourism to the industrial mix has enhanced the region's resiliency and has helped prevent the region from experiencing the degree of recession as other regions in Washington and certainly, the rest of the country.

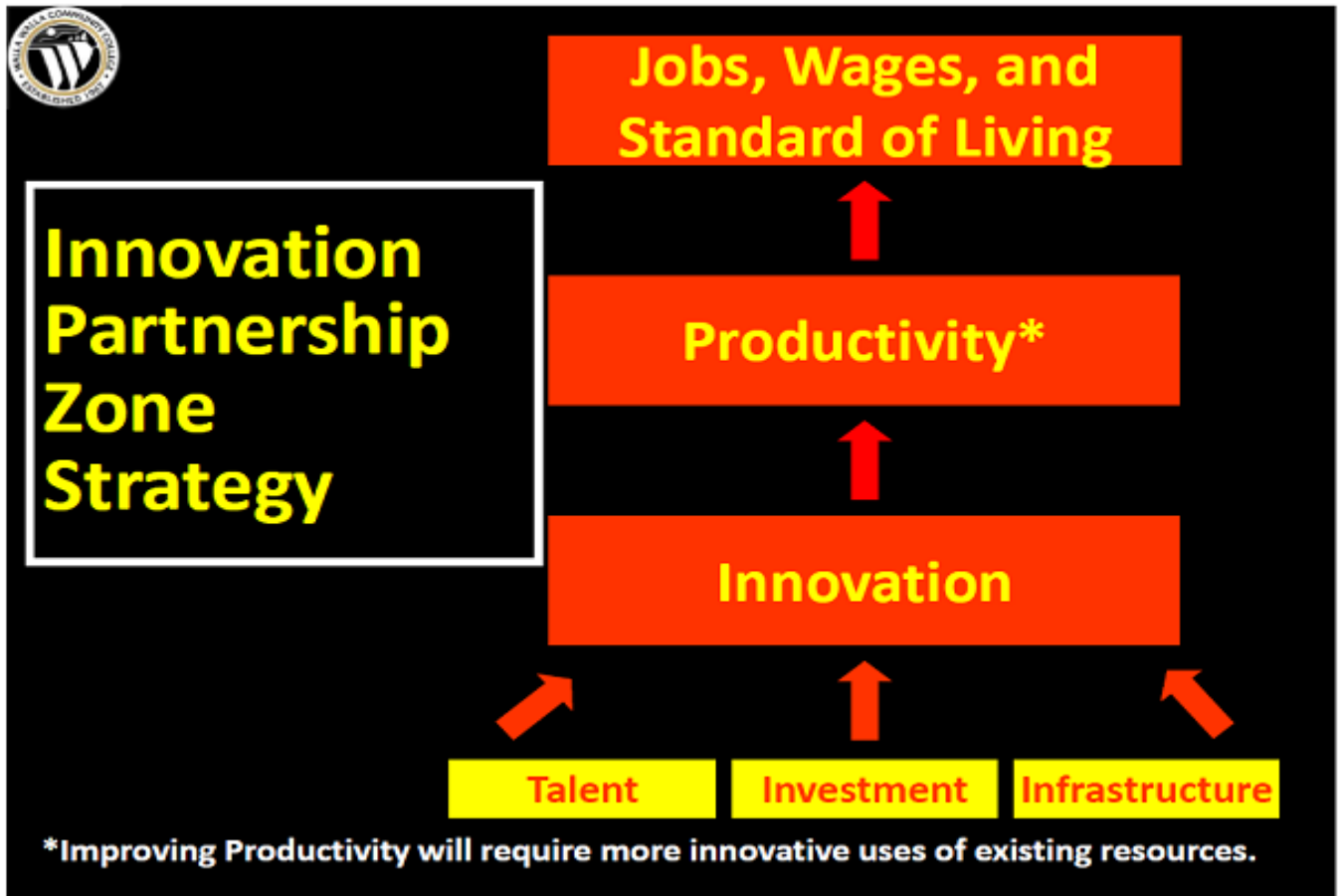
In order to continue cultivating the entrepreneurial environment in the IPZ, we are seeking to establish a rural center for entrepreneurship and small business development that will provide resources and support to individuals starting and operating small, independent businesses. In Columbia County, Blue Mountain Station is an initiative that will provide infrastructure to entrepreneurs engaged in artisan food production. Blue Mountain Station, while in an early phase, is a project that complements the already burgeoning wine and hospitality industry centered in Walla Walla. Though tourism has benefited the Walla Walla region tremendously, we understand that we cannot solely rely on visitors coming to the valley. Therefore, instead of waiting for tourists to come to Walla Walla, we are bringing Walla Walla products to metropolitan centers. We are establishing partnerships with urban centers that are focused on promoting and trading food and wine products. The goal of these partnerships is to increase social proximity between Walla

Walla producers and urban consumers so that new markets are created and existing markets expanded. For example, the City of Walla Walla is working closely with the City of Snohomish to establish a partnership that will increase product exchange and accessibility to markets for small and medium sized producers. By promoting our products in urban centers, we are seeking to create more consumers and ultimately tourists who will choose to visit and experience Walla Walla.

Commercialization Plan: The primary assumption leading to the creation of Innovation Partnership Zones is the importance of innovative activity as a source of creating new jobs and improving wages. Innovation is defined as the implementation of initiatives that lead to improved productivity. As productivity improves, firms can expand production, resulting in more personal income for employees and investors.

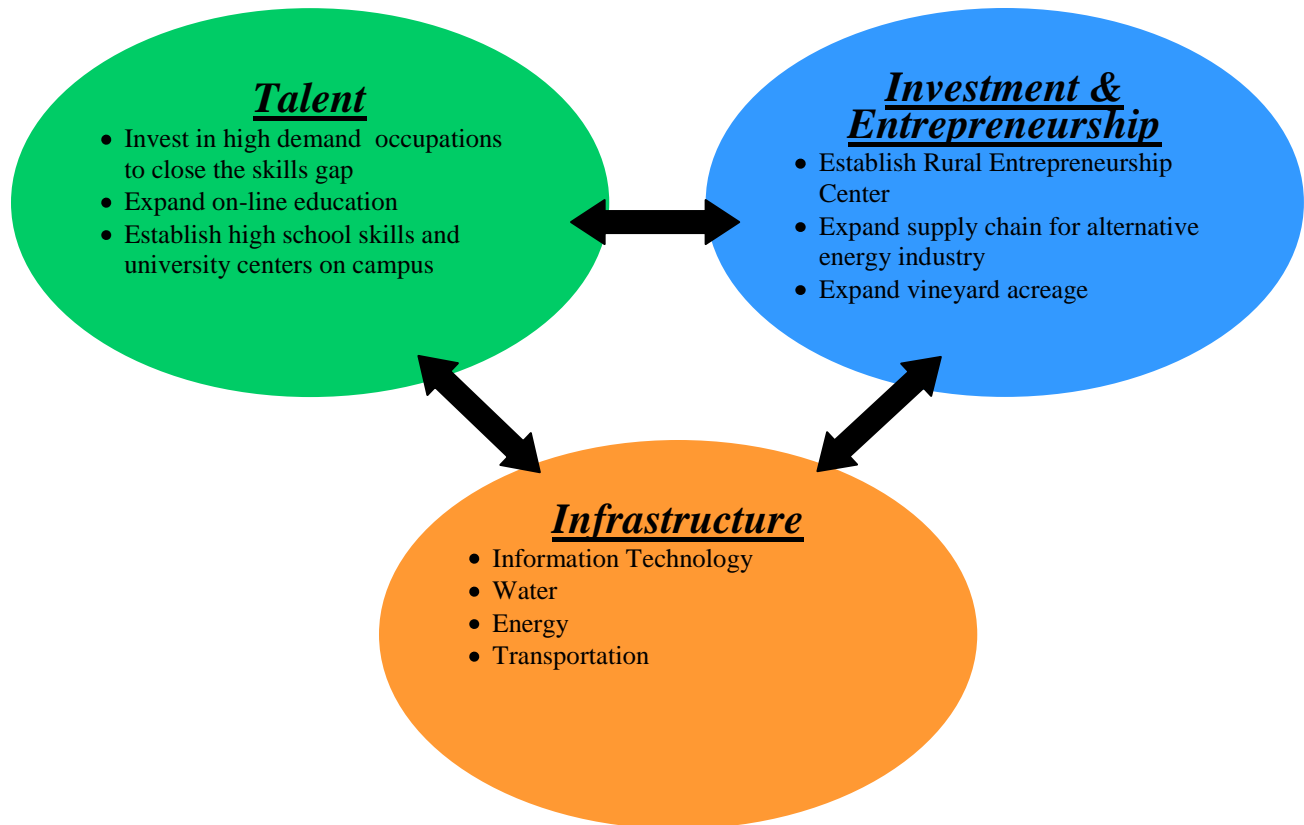
Our IPZ planning model assumes there are three important components to innovation. These components are talent, investment, and infrastructure. Talent is assumed to be the primary driver of productivity. The challenge is to attract, develop, and retain a workforce that possesses the high- and mid-level skills essential for the production process. Talent is necessary but not sufficient for enhancing productivity. Investment capital in the forms of research and development, technology, and plant and equipment are also essential. The third essential component of innovation is infrastructure. Productivity is dependent upon efficient and effective transportation systems, energy systems, water systems, and waste management systems. The three components of innovation and the relationship to productivity, jobs, and wages are shown in Figure 1.

Figure 1: Walla Walla Innovation Partnership Zone Strategy



Our planning process is focused on identifying priority initiatives in each of the three areas of innovation. Planning will be an ongoing process of prioritizing these initiatives and developing implementation strategies. Formative and summative evaluation of progress will be used to inform ongoing planning decisions. Of highest priority is to secure sufficient investment to retain the leadership talent to support the IPZ effort. Indeed the three components of innovation are distinct, yet interdependent with one another. In a stylized schematic, Figure 2 demonstrates those interdependencies, which are accompanied by a sample of IPZ initiatives.

Figure 2: Three Components of Innovation



For purposes of the planning process, innovation is defined as the implementation of “big” ideas. Our efforts are focused on “place” and seek to maximize the use of local resources in order to build an innovation ecosystem. Building relationships and fostering collaboration is central to this process.

Since the primary roles of the IPZ are advocacy, coordination, and measuring progress, the IPZ should influence the planning and budgeting of these organizations and then reflect their plans that support the IPZ’s strategic direction in the IPZ annual plan and budget document. Tables 1, 2 and 3 contain strategic initiatives that reflect the process of IPZ partners collectively identifying economic development priorities.

Table 1: Talent Initiatives

Initiative(s)	Responsible Organization(s)	Planned Outcomes	Investment (\$)	Time Frame	IPZ Role(s)
<ul style="list-style-type: none"> High School Skills Center design 	<ul style="list-style-type: none"> School District 140 	<ul style="list-style-type: none"> 33,300 Sq. Ft. facility located on WWCC Campus Career Pathways 	<ul style="list-style-type: none"> \$1 million approp. in 2011 \$12.5 million request for 2013 	<ul style="list-style-type: none"> Designed by 5/ 2012 Constructed by 9/2014 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Partner with Western Governors University and WSU 	<ul style="list-style-type: none"> Walla Walla Community College (WWCC) WGUWA WSU 	<ul style="list-style-type: none"> Pathway to BA degrees on line Expand 2+2 programs with WSU 	TBD	<ul style="list-style-type: none"> March 2012 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Provide marketing workshops for hospitality industry 	<ul style="list-style-type: none"> WWCC Walla Walla Valley Wine Alliance Tourism Walla Walla 	<ul style="list-style-type: none"> SuperHost® Offering Exporting Wine 	TBD	<ul style="list-style-type: none"> January 2012 April 2012 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Establish a robotics and high tech manufacturing training program 	<ul style="list-style-type: none"> WWCC Skills Center 	<ul style="list-style-type: none"> Increase the skill capabilities of manufacturing workforce 	TBD	<ul style="list-style-type: none"> Ongoing 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Renewable Energy Systems Training 	<ul style="list-style-type: none"> WWCC Skills Center 	<ul style="list-style-type: none"> 15-20 wind energy techs each year Energy efficiency courses Solar energy competencies 	\$1.5 million	<ul style="list-style-type: none"> September 2011 – June 2015 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Update skills-gap analysis 	<ul style="list-style-type: none"> WWCC 	<ul style="list-style-type: none"> Annual report to show workforce and technical education training needs 	\$1000/year	<ul style="list-style-type: none"> Annual 	<ul style="list-style-type: none"> Advocate

Table 2: Investment & Entrepreneurship Initiatives

Initiative(s)	Responsible Organization(s)	Planned Outcomes	Investment (\$)	Time Frame	IPZ Role(s)
<ul style="list-style-type: none"> Expand supply chain for alternative energy industry 	<ul style="list-style-type: none"> Port of Walla Walla 	<ul style="list-style-type: none"> Job Creation 	TBD	<ul style="list-style-type: none"> October 2011 – July 2013 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Establish Salmon Recovery Research Center 	<ul style="list-style-type: none"> Confederated Tribes of the Umatilla Indian Reservation WWCC 	<ul style="list-style-type: none"> Enhanced salmon runs in Walla Walla Watershed Job creation Fishing tourism 	<ul style="list-style-type: none"> \$1.5 million (estimate) 	<ul style="list-style-type: none"> Complete facility August 2011 Ongoing research efforts 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Expand Vineyard acreage 	<ul style="list-style-type: none"> Walla Walla Valley Wine Alliance 	<ul style="list-style-type: none"> Create jobs Increase supply of WWAVA wine grapes by 1,000 acres 	\$70,000,000	<ul style="list-style-type: none"> October 2011 – October 2016 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Establish the Rural SBDC/Center for Entrepreneurship 	<ul style="list-style-type: none"> WWCC WSU Port of Walla Walla City of Walla Walla Walla Walla Chamber of Commerce 	<ul style="list-style-type: none"> Increase capacity of current and future small business owners 	\$150,000 estimate	<ul style="list-style-type: none"> October 2012, depending on funding 	<ul style="list-style-type: none"> Advocate Coordinate
<ul style="list-style-type: none"> Blue Mountain Station, complete phase 1 	<ul style="list-style-type: none"> Port of Columbia 	<ul style="list-style-type: none"> Attract small, artisan food producers Construct buildings 	\$5 – 6 million	<ul style="list-style-type: none"> 2011-2016 	<ul style="list-style-type: none"> Advocate

Table 3: Infrastructure Initiatives

Initiative(s)	Responsible Organization(s)	Planned Outcomes	Investment (\$)	Time Frame	IPZ Role(s)
<ul style="list-style-type: none"> Establish Economic Development District 	<ul style="list-style-type: none"> Port of Walla Walla City of Walla Walla Walla Walla County WWCC 	<ul style="list-style-type: none"> Create CEDP for the WWIPZ Enhance funding opportunities from EDA and other entities 	<ul style="list-style-type: none"> TBD 	<ul style="list-style-type: none"> Complete June 2012 	<ul style="list-style-type: none"> Coordinate Advocate
<ul style="list-style-type: none"> Water Quality Lab 	<ul style="list-style-type: none"> WWCC (lead) Walla Walla County City of Walla Walla UNIBEST Intl 	<ul style="list-style-type: none"> Regional water quality testing and monitoring capability Teaching lab Public-Private Partnership 	<ul style="list-style-type: none"> \$500,000 (secured) \$1 million in equipment and supplies 	<ul style="list-style-type: none"> Functioning at Water Center by January 2012 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Expand IPZ infrastructure to Wallowa Resources 	<ul style="list-style-type: none"> WWCC Wallowa Resources 	<ul style="list-style-type: none"> Used for meetings November 2011 Online Classes January 2012 	<ul style="list-style-type: none"> Pacific Power \$5K Wallowa Research \$5K WWCC \$5K in-kind 	<ul style="list-style-type: none"> Installed September 2011 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Expand Wine and Hospitality Cluster via Performing Arts 	<ul style="list-style-type: none"> Shakespeare Walla Walla 	<ul style="list-style-type: none"> Increase annual attendance from 15,280 in 2011 to 63,980 in 2016 	<ul style="list-style-type: none"> Approx. \$1 million 	<ul style="list-style-type: none"> 2011 - 2016 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Create Regional Library District 	<ul style="list-style-type: none"> City of Walla Walla Rural Library District WWCC 	<ul style="list-style-type: none"> Comprehensive networked regional system Increased access Increase efficiency 	<ul style="list-style-type: none"> \$2.5 million 	<ul style="list-style-type: none"> July 2012 	<ul style="list-style-type: none"> Advocate Mediate
<ul style="list-style-type: none"> Hiway 12 Widening 	<ul style="list-style-type: none"> Port of Walla Walla City of Walla Walla Walla Walla County 	<ul style="list-style-type: none"> Four lanes and no stoplights from Walla Walla to Seattle 	<ul style="list-style-type: none"> \$487.5 million when completed 	<ul style="list-style-type: none"> 2020 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Infrastructure Replacement and Renewal Program 	<ul style="list-style-type: none"> City of Walla Walla 	<ul style="list-style-type: none"> Replace leaking water and sewer pipes and streets above them 	<ul style="list-style-type: none"> 8 million 	<ul style="list-style-type: none"> 2010-2012 	<ul style="list-style-type: none"> Advocate

Table 3: Infrastructure Initiatives (cont.)

<ul style="list-style-type: none"> • Transportation Benefit District 	<ul style="list-style-type: none"> • City of Walla Walla 	<ul style="list-style-type: none"> • Repair/replace deficient arterial roadways 	<ul style="list-style-type: none"> • \$1,000,000 	<ul style="list-style-type: none"> • Annually 	<ul style="list-style-type: none"> • Advocate
<ul style="list-style-type: none"> • Construct additional production space buildings within the IPZ 	<ul style="list-style-type: none"> • Port of Walla Walla 	<ul style="list-style-type: none"> • Creation of new family wage jobs • Job diversification • New regional tax base 	<ul style="list-style-type: none"> • \$3.0 to \$5.0 million 	<ul style="list-style-type: none"> • July 2013 	<ul style="list-style-type: none"> • Advocate

Finally, it is important that the IPZ have a plan and budget to support its activities. The City of Walla Walla sponsors the IPZ and has assigned administrative responsibility. Walla Walla Community College has collaborated with the city to acquire financial support and has assigned staff from the college’s operating budget consistent with one of its stated outcome goals, which is to play a leading role in economic and community development. Planning for additional financial support to ensure advocacy, collaboration, and measuring progress is of high importance. In addition to contributing resources from their own budgets, WWIPZ partners will seek additional funding through grants and the legislature. The legislature via the Department of Commerce should consider providing matching funds to support furthering the concept as an economic development strategy. The Walla Walla IPZ has been a smart investment for both the region served and the state of Washington.

WWIPZ Accomplishments:

1. Expanded Enology and Viticulture Center
 - a. Enhanced regional wine services by expanding ETS lab space.
 - b. Enhanced Enology and Viticulture Program by adding and equipping wine chemistry classroom.
 - c. Enhanced Enology and Viticulture Program by adding office space for additional staff.
 - d. Provided office space to serve as headquarters for IPZ.

2. Expanded Water and Environmental Center
 - a. Provided initial facility design funds for Center expansion.
 - b. Enhanced regional water analysis services by financing a water quality lab.
 - c. Advocated for capital funds at local, state, and national level to construct facility addition.
 - d. Administered Titus Creek Stream Restoration project; restoration of approximately 1,200 feet that flows through WWCC campus.

3. Provided capital funds to enhance internet connections to and within the IPZ; installed fiber optic cable and provided broadband availability.

4. Made infrastructure improvements at Walla Walla Regional Airport including street maintenance, sewer and waterline extension and replacements, roof

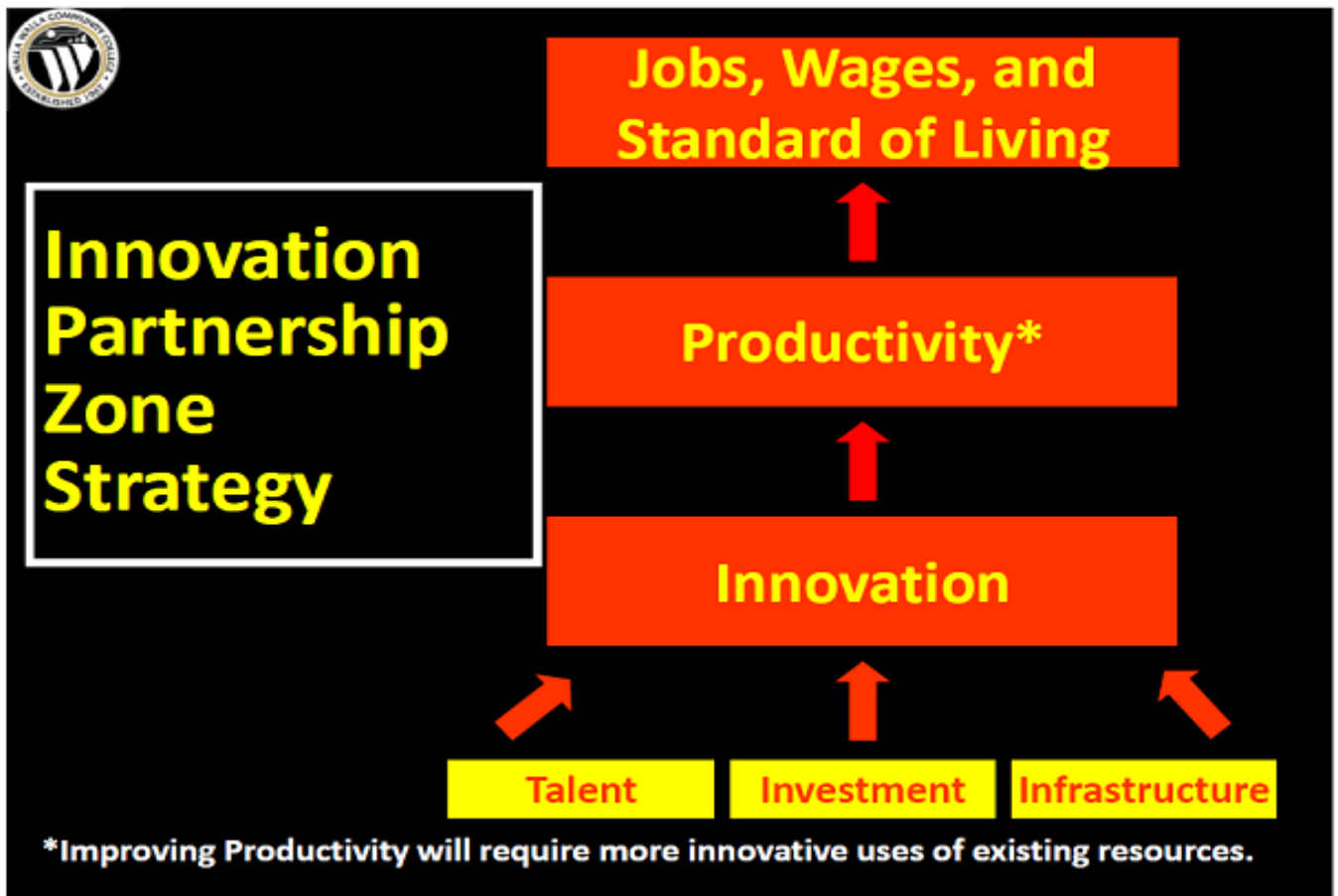
replacements, storm water improvements, ingress and egress improvements, and tenant improvements to Airport-owned buildings (ADA, etc.).

5. Focused attention on the importance of innovation and entrepreneurship as strategies to enhance economic development.
6. Helped educate economic developers and the public on new approaches to economic development.
7. Advocated for economic, environmental, and cultural sustainability.
8. Helped secure funds to support hospitality cluster study.
9. Helped put Walla Walla on the map as innovation “hot spot”.
10. Promoted applied research and development for wine and water clusters. Efforts focused on salmon recovery, natural resource restoration, energy efficiency, renewable energy, reuse and remanufacturing of “otherwise” waste products, vineyard practices, and wine production and marketing practices.
11. Helped understand the potential of expanding the hospitality industry as a key economic strategy.
12. Strengthened partnerships with local manufacturers and other businesses to protect and create jobs.
13. Tracked job creation and patent generation in the IPZ.

Plan for Measuring and Reporting: We will measure the effectiveness of WWIPZ efforts by tracking and analyzing initiative “inputs” (public and private investment) and “outputs” (job creation, increased wages, improvements to natural environment). We will collect data and evaluate the implementation process and outcome of individual initiatives, focusing on public and private investment and their planned outcomes. We will also track process indicators, which include high school graduation rates, WWCC enrollments in workforce and technical education programs and transfer programs, WWCC degrees awarded, and patents (where appropriate). The Port of Walla Walla, in partnership with Eastern Washington University and the Washington State Department of Commerce, provides much of this data through the Walla Walla Trends website. WWCC also maintains data on enrollments and completion rates by program, so that we can track and measure the efficiency and effectiveness of each program. Data not collected by the Port, WWCC, or other entities will have to be collected and maintained locally.

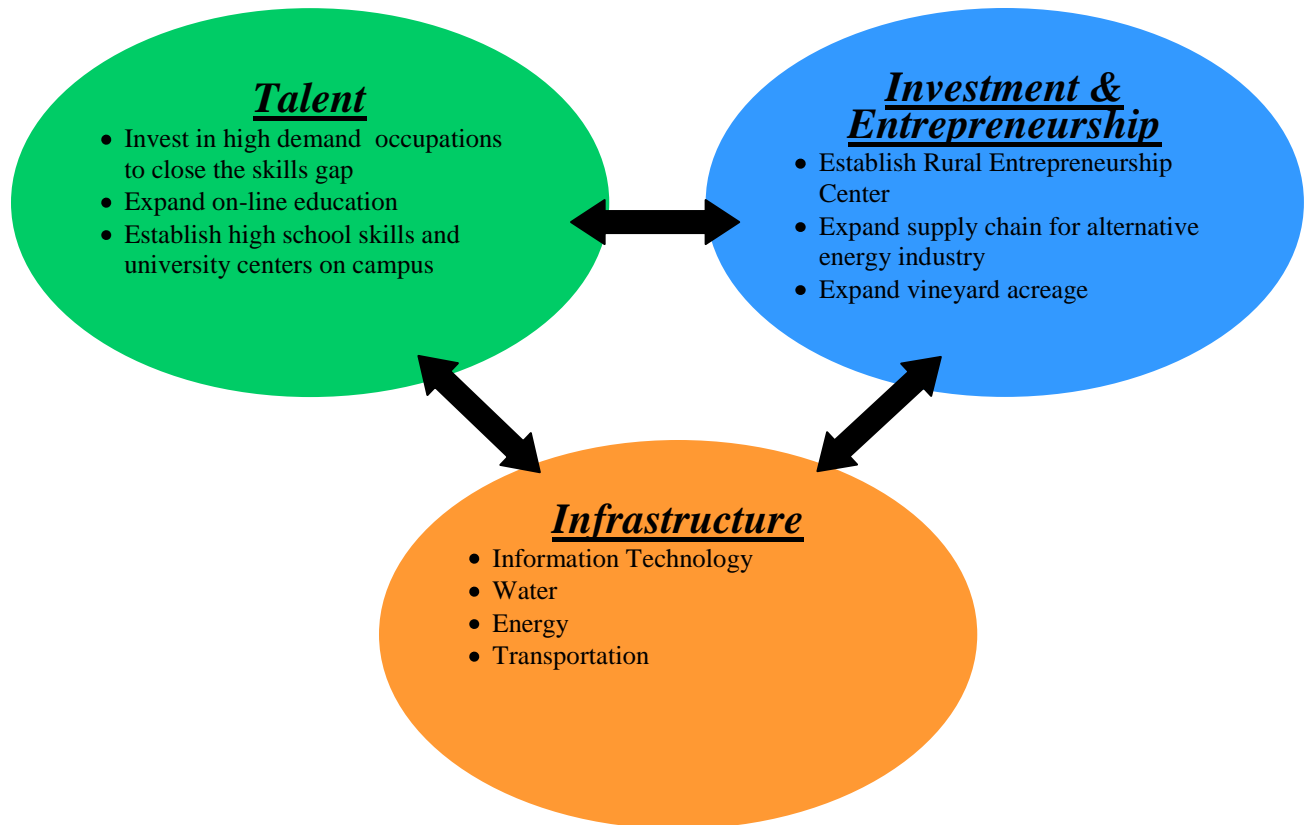
Since the creation of family wage jobs is a key goal of the WWIPZ, we will measure employment outcomes and changes in wages over time. Our intent is to conduct another regional impact analysis in 2016, which will provide us with the analysis and metrics to continue to measure regional economic development planning. Conducting a regional economic analysis in five years will build upon the two previously conducted studies that measured the impact of the wine and hospitality cluster. This is important from the standpoint of economic development planning, because it contributes to establishing a time-series of studies that are used to inform our decision-making process and the identification of new projects and initiatives.

Figure 1: Walla Walla Innovation Partnership Zone Strategy



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Figure 2: Three Components of Innovation



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<ul style="list-style-type: none"> Establish a robotics and high tech manufacturing training program 	<ul style="list-style-type: none"> WWCC Skills Center 	<ul style="list-style-type: none"> Increase the skill capabilities of manufacturing workforce 	TBD	<ul style="list-style-type: none"> Ongoing 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Renewable Energy Systems Training 	<ul style="list-style-type: none"> WWCC Skills Center 	<ul style="list-style-type: none"> 15-20 wind energy techs each year Energy efficiency courses Solar energy competencies 	\$1.5 million	<ul style="list-style-type: none"> September 2011 – June 2015 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Update skills-gap analysis 	<ul style="list-style-type: none"> WWCC 	<ul style="list-style-type: none"> Annual report to show workforce and technical education training needs 	\$1000/year	<ul style="list-style-type: none"> Annual 	<ul style="list-style-type: none"> Advocate

Table 2: Investment & Entrepreneurship Initiatives

Initiative(s)	Responsible Organization(s)	Planned Outcomes	Investment (\$)	Time Frame	IPZ Role(s)
<ul style="list-style-type: none"> Expand supply chain for alternative energy industry 	<ul style="list-style-type: none"> Port of Walla Walla 	<ul style="list-style-type: none"> Job Creation 	TBD	<ul style="list-style-type: none"> October 2011 – July 2013 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Establish Salmon Recovery Research Center 	<ul style="list-style-type: none"> Confederated Tribes of the Umatilla Indian Reservation WWCC 	<ul style="list-style-type: none"> Enhanced salmon runs in Walla Walla Watershed Job creation Fishing tourism 	<ul style="list-style-type: none"> \$1.5 million (estimate) 	<ul style="list-style-type: none"> Complete facility August 2011 Ongoing research efforts 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Expand Vineyard acreage 	<ul style="list-style-type: none"> Walla Walla Valley Wine Alliance 	<ul style="list-style-type: none"> Create jobs Increase supply of WWAVA wine grapes by 1,000 acres 	\$70,000,000	<ul style="list-style-type: none"> October 2011 – October 2016 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Establish the Rural SBDC/Center for Entrepreneurship 	<ul style="list-style-type: none"> WWCC WSU Port of Walla Walla City of Walla Walla Walla Walla Chamber of Commerce 	<ul style="list-style-type: none"> Increase capacity of current and future small business owners 	\$150,000 estimate	<ul style="list-style-type: none"> October 2012, depending on funding 	<ul style="list-style-type: none"> Advocate Coordinate
<ul style="list-style-type: none"> Blue Mountain Station, complete phase 1 	<ul style="list-style-type: none"> Port of Columbia 	<ul style="list-style-type: none"> Attract small, artisan food producers Construct buildings 	\$5 – 6 million	<ul style="list-style-type: none"> 2011-2016 	<ul style="list-style-type: none"> Advocate

Table 3: Infrastructure Initiatives

Initiative(s)	Responsible Organization(s)	Planned Outcomes	Investment (\$)	Time Frame	IPZ Role(s)
<ul style="list-style-type: none"> Establish Economic Development District 	<ul style="list-style-type: none"> Port of Walla Walla City of Walla Walla Walla Walla County WWCC 	<ul style="list-style-type: none"> Create CEDP for the WWIPZ Enhance funding opportunities from EDA and other entities 	<ul style="list-style-type: none"> TBD 	<ul style="list-style-type: none"> Complete June 2012 	<ul style="list-style-type: none"> Coordinate Advocate
<ul style="list-style-type: none"> Water Quality Lab 	<ul style="list-style-type: none"> WWCC (lead) Walla Walla County City of Walla Walla UNIBEST Intl 	<ul style="list-style-type: none"> Regional water quality testing and monitoring capability Teaching lab Public-Private Partnership 	<ul style="list-style-type: none"> \$500,000 (secured) \$1 million in equipment and supplies 	<ul style="list-style-type: none"> Functioning at Water Center by January 2012 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Expand IPZ infrastructure to Wallowa Resources 	<ul style="list-style-type: none"> WWCC Wallowa Resources 	<ul style="list-style-type: none"> Used for meetings November 2011 Online Classes January 2012 	<ul style="list-style-type: none"> Pacific Power \$5K Wallowa Research \$5K WWCC \$5K in-kind 	<ul style="list-style-type: none"> Installed September 2011 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Expand Wine and Hospitality Cluster via Performing Arts 	<ul style="list-style-type: none"> Shakespeare Walla Walla 	<ul style="list-style-type: none"> Increase annual attendance from 15,280 in 2011 to 63,980 in 2016 	<ul style="list-style-type: none"> Approx. \$1 million 	<ul style="list-style-type: none"> 2011 - 2016 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Create Regional Library District 	<ul style="list-style-type: none"> City of Walla Walla Rural Library District WWCC 	<ul style="list-style-type: none"> Comprehensive networked regional system Increased access Increase efficiency 	<ul style="list-style-type: none"> \$2.5 million 	<ul style="list-style-type: none"> July 2012 	<ul style="list-style-type: none"> Advocate Mediate
<ul style="list-style-type: none"> Hiway 12 Widening 	<ul style="list-style-type: none"> Port of Walla Walla City of Walla Walla Walla Walla County 	<ul style="list-style-type: none"> Four lanes and no stoplights from Walla Walla to Seattle 	<ul style="list-style-type: none"> \$487.5 million when completed 	<ul style="list-style-type: none"> 2020 	<ul style="list-style-type: none"> Advocate
<ul style="list-style-type: none"> Infrastructure Replacement and Renewal Program 	<ul style="list-style-type: none"> City of Walla Walla 	<ul style="list-style-type: none"> Replace leaking water and sewer pipes and streets above them 	<ul style="list-style-type: none"> 8 million 	<ul style="list-style-type: none"> 2010-2012 	<ul style="list-style-type: none"> Advocate

Table 3: Infrastructure Initiatives (cont.)

<ul style="list-style-type: none"> • Transportation Benefit District 	<ul style="list-style-type: none"> • City of Walla Walla 	<ul style="list-style-type: none"> • Repair/replace deficient arterial roadways 	<ul style="list-style-type: none"> • \$1,000,000 	<ul style="list-style-type: none"> • Annually 	<ul style="list-style-type: none"> • Advocate
<ul style="list-style-type: none"> • Construct additional production space buildings within the IPZ 	<ul style="list-style-type: none"> • Port of Walla Walla 	<ul style="list-style-type: none"> • Creation of new family wage jobs • Job diversification • New regional tax base 	<ul style="list-style-type: none"> • \$3.0 to \$5.0 million 	<ul style="list-style-type: none"> • July 2013 	<ul style="list-style-type: none"> • Advocate

Finally, it is important that the IPZ have a plan and budget to support its activities. The City of Walla Walla sponsors the IPZ and has assigned administrative responsibility. Walla Walla Community College has collaborated with the city to acquire financial support and has assigned staff from the college’s operating budget consistent with one of its stated outcome goals, which is to play a leading role in economic and community development. Planning for additional financial support to ensure advocacy, collaboration, and measuring progress is of high importance. In addition to contributing resources from their own budgets, WWIPZ partners will seek additional funding through grants and the legislature. The legislature via the Department of Commerce should consider providing matching funds to support furthering the concept as an economic development strategy. The Walla Walla IPZ has been a smart investment for both the region served and the state of Washington.

WWIPZ Accomplishments:

1. Expanded Enology and Viticulture Center
 - a. Enhanced regional wine services by expanding ETS lab space.
 - b. Enhanced Enology and Viticulture Program by adding and equipping wine chemistry classroom.
 - c. Enhanced Enology and Viticulture Program by adding office space for additional staff.
 - d. Provided office space to serve as headquarters for IPZ.

2. Expanded Water and Environmental Center
 - a. Provided initial facility design funds for Center expansion.
 - b. Enhanced regional water analysis services by financing a water quality lab.
 - c. Advocated for capital funds at local, state, and national level to construct facility addition.
 - d. Administered Titus Creek Stream Restoration project; restoration of approximately 1,200 feet that flows through WWCC campus.

3. Provided capital funds to enhance internet connections to and within the IPZ; installed fiber optic cable and provided broadband availability.

4. Made infrastructure improvements at Walla Walla Regional Airport including street maintenance, sewer and waterline extension and replacements, roof

replacements, storm water improvements, ingress and egress improvements, and tenant improvements to Airport-owned buildings (ADA, etc.).

5. Focused attention on the importance of innovation and entrepreneurship as strategies to enhance economic development.
6. Helped educate economic developers and the public on new approaches to economic development.
7. Advocated for economic, environmental, and cultural sustainability.
8. Helped secure funds to support hospitality cluster study.
9. Helped put Walla Walla on the map as innovation “hot spot”.
10. Promoted applied research and development for wine and water clusters. Efforts focused on salmon recovery, natural resource restoration, energy efficiency, renewable energy, reuse and remanufacturing of “otherwise” waste products, vineyard practices, and wine production and marketing practices.
11. Helped understand the potential of expanding the hospitality industry as a key economic strategy.
12. Strengthened partnerships with local manufacturers and other businesses to protect and create jobs.
13. Tracked job creation and patent generation in the IPZ.

Plan for Measuring and Reporting: We will measure the effectiveness of WWIPZ efforts by tracking and analyzing initiative “inputs” (public and private investment) and “outputs” (job creation, increased wages, improvements to natural environment). We will collect data and evaluate the implementation process and outcome of individual initiatives, focusing on public and private investment and their planned outcomes. We will also track process indicators, which include high school graduation rates, WWCC enrollments in workforce and technical education programs and transfer programs, WWCC degrees awarded, and patents (where appropriate). The Port of Walla Walla, in partnership with Eastern Washington University and the Washington State Department of Commerce, provides much of this data through the Walla Walla Trends website. WWCC also maintains data on enrollments and completion rates by program, so that we can track and measure the efficiency and effectiveness of each program. Data not collected by the Port, WWCC, or other entities will have to be collected and maintained locally.

Since the creation of family wage jobs is a key goal of the WWIPZ, we will measure employment outcomes and changes in wages over time. Our intent is to conduct another regional impact analysis in 2016, which will provide us with the analysis and metrics to continue to measure regional economic development planning. Conducting a regional economic analysis in five years will build upon the two previously conducted studies that measured the impact of the wine and hospitality cluster. This is important from the standpoint of economic development planning, because it contributes to establishing a time-series of studies that are used to inform our decision-making process and the identification of new projects and initiatives.