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SECOND SUBSTITUTE HOUSE BILL 1178

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State of Washington                      60th Legislature                      2007 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Rolfes, Linville, Simpson, Wallace, Kenney, Ericks and Green; by request of Governor Gregoire)

READ FIRST TIME 02/28/07.

1            AN ACT Relating to contracts with associate development  
2 organizations for economic development services; amending RCW  
3 43.330.080; adding new sections to chapter 43.330 RCW; and creating new  
4 sections.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.    **Sec. 1.** The legislature finds that economic  
7 development success requires coordinated state and local efforts. The  
8 legislature further finds that economic development happens at the  
9 local level. County designated associate development organizations  
10 serve as a networking tool and resource hub for business retention,  
11 expansion, and relocation in Washington. Economic development success  
12 requires an adequately funded and coordinated state effort and an  
13 adequately funded and coordinated local effort. The legislature  
14 intends to bolster the partnership between state and local economic  
15 development efforts, provide increased funding for local economic  
16 development services, and increase local economic development service  
17 effectiveness, efficiency, and outcomes.

1       **Sec. 2.** RCW 43.330.080 and 1997 c 60 s 1 are each amended to read  
2 as follows:

3       ~~((1))~~ The department shall contract with associate development  
4 organizations ~~((or other local organizations))~~ to increase the support  
5 for and coordination of community and economic development services in  
6 communities or regional areas. The organizations contracted with in  
7 each community or regional area shall be broadly representative of  
8 community and economic interests. The organization shall be capable of  
9 identifying key economic and community development problems, developing  
10 appropriate solutions, and mobilizing broad support for recommended  
11 initiatives. The contracting organization shall work with and include  
12 local governments, local chambers of commerce, ~~((private industry  
13 councils,))~~ workforce development councils, port districts, labor  
14 groups, institutions of higher education, community action programs,  
15 and other appropriate private, public, or nonprofit community and  
16 economic development groups. The ~~((department shall be responsible for  
17 determining the))~~ scope of services delivered under these contracts~~((-~~

18       ~~(2) Associate development organizations or other local development  
19 organizations contracted with shall promote and coordinate, through  
20 local service agreements with local governments, small business  
21 development centers, port districts, community and technical colleges,  
22 private industry councils, and other development organizations, for the  
23 efficient delivery of community and economic development services in  
24 their areas.~~

25       ~~(3) The department shall consult with associate development  
26 organizations, port districts, local governments, and other local  
27 development organizations in the establishment of service delivery  
28 regions throughout the state. The legislature encourages local  
29 associate development organizations to form partnerships with other  
30 associate development organizations in their region to combine  
31 resources for better access to available services, to encourage  
32 regional delivery of state services, and to build the local capacity of  
33 communities in the region more effectively.~~

34       ~~(4) The department shall contract on a regional basis for surveys  
35 of key sectors of the regional economy and the coordination of  
36 technical assistance to businesses and employees within the key  
37 sectors. The department's selection of contracting organizations or  
38 consortiums shall be based on the sufficiency of the organization's or~~

1 consortium's proposal to examine key sectors of the local economy  
2 within its region adequately and its ability to coordinate the delivery  
3 of services required by businesses within the targeted sectors.  
4 Organizations contracting with the department shall work closely with  
5 the department to examine the local economy and to develop strategies  
6 to focus on developing key sectors that show potential for long term  
7 sustainable growth. The contracting organization shall survey  
8 businesses and employees in targeted sectors on a periodic basis to  
9 gather information on the sector's business needs, expansion plans,  
10 relocation decisions, training needs, potential layoffs, financing  
11 needs, availability of financing, and other appropriate information  
12 about economic trends and specific employer and employee needs in the  
13 region.

14 (5)) shall include two broad areas of work:

15 (1) Direct assistance, including business planning, to companies  
16 who need support to stay in business, expand, or relocate to Washington  
17 from out of state or other countries. Assistance includes:

18 (a) Acting as a conduit to partner organizations in workforce  
19 development, ports, community college and higher education, small  
20 business assistance programs particularly small business development  
21 centers, and other federal, state, and local programs;

22 (b) Providing information on state and local permitting, tax  
23 issues, and other essential information for operating and expanding a  
24 business in Washington;

25 (c) Marketing Washington as an excellent location to expand or  
26 relocate a business and positioning Washington as a globally  
27 competitive place to grow business; and

28 (d) Developing and executing regional plans to attract companies  
29 from out of state and to increase direct foreign investment; and

30 (2) Support for regional economic research and regional planning  
31 efforts to implement target industry strategies and other economic  
32 development strategies that support increased living standards  
33 throughout Washington. Activities include:

34 (a) Participation in regional planning efforts involving combined  
35 strategies around workforce development and economic development  
36 policies and programs. The contracting organization shall participate  
37 with the workforce training and education coordinating board as created

1 in chapter 28C.18 RCW, and any regional entities designated by that  
2 board, in providing for the coordination of job skills training within  
3 its region;

4 (b) Collecting and reporting local and regional economic  
5 information to inform local, regional, and statewide strategic  
6 decisions regarding business development policy and economic  
7 development aspects of growth management act planning. In cooperation  
8 with other local, regional, and state planning efforts, contracting  
9 organizations may provide insight into the needs of target industry  
10 clusters, business expansion plans, early detection of potential  
11 relocations or layoffs, training needs, and other appropriate economic  
12 information.

13 NEW SECTION. Sec. 3. (1) Contracting associate development  
14 organizations shall provide the department with measures of their  
15 performance. Annual reports shall include information on the impact of  
16 the contracting organization on employment, wages, tax revenue, and  
17 capital investment. Specific measures shall be developed in the  
18 contracting process between the department and the contracting  
19 organization every two years. Performance measures should be  
20 consistent across regions to allow for statewide evaluation.

21 (2)(a) The department and contracting organizations shall agree  
22 upon specific target levels for the performance measures in subsection  
23 (1) of this section. Comparison of agreed thresholds and actual  
24 performance shall occur annually.

25 (b) Contracting organizations that fail to achieve the agreed  
26 performance targets in more than one-half of the agreed measures shall  
27 develop remediation plans to address performance gaps. The remediation  
28 plans shall include revised performance thresholds specifically chosen  
29 to provide evidence of progress in making the identified service  
30 changes.

31 (c) Contracts and state funding shall be terminated for one year  
32 for organizations that fail to achieve the agreed upon progress toward  
33 improved performance defined under (b) of this subsection. During the  
34 year in which termination for nonperformance is in effect,  
35 organizations shall review alternative delivery strategies to include  
36 reorganization of the contracting organization, merging of previous  
37 efforts with existing regional partners, and other specific steps

1 toward improved performance. At the end of the period of termination,  
2 the department may contract with the associate development organization  
3 or its successor as it deems appropriate.

4 NEW SECTION. **Sec. 4.** Contracts with associate development  
5 organizations shall be awarded according to the following annual  
6 schedule:

7 (1) For associate development associations in urban counties, which  
8 are counties other than rural counties as defined in RCW 43.160.020, a  
9 locally matched one dollar per capita allocation totaling no more than  
10 four hundred thousand dollars per organization each state fiscal year;

11 (2) For associate development associations in rural counties, as  
12 defined in RCW 43.160.020, a per county base allocation of thirty  
13 thousand dollars and a locally matched seventy cents per capita  
14 allocation.

15 NEW SECTION. **Sec. 5.** Sections 3 and 4 of this act are each added  
16 to chapter 43.330 RCW.

17 NEW SECTION. **Sec. 6.** If specific funding for the purposes of this  
18 act, referencing this act by bill or chapter number, is not provided by  
19 June 30, 2007, in the omnibus appropriations act, this act is null and  
20 void.

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