
SECOND SUBSTITUTE SENATE BILL 5092

State of Washington

60th Legislature

2007 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Marr, Brown, Kilmer, Kauffman, Murray, Shin and Rasmussen; by request of Governor Gregoire)

READ FIRST TIME 03/05/07.

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 a
4 new section.

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.
8 Associate development organizations serve as a networking tool and
9 resource hub for business retention, expansion, and relocation in
10 Washington. Economic development success requires an adequately funded
11 and coordinated state effort and an adequately funded and coordinated
12 local effort. The legislature intends to bolster the partnership
13 between state and local economic development efforts, provide increased
14 funding for local economic development services, and increase local
15 economic development service effectiveness, efficiency, and outcomes.

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

18 (1) The department shall contract with county designated associate

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

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

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

32 ~~(4) The department shall contract on a regional basis for surveys~~
33 ~~of key sectors of the regional economy and the coordination of~~
34 ~~technical assistance to businesses and employees within the key~~
35 ~~sectors. The department's selection of contracting organizations or~~
36 ~~consortiums shall be based on the sufficiency of the organization's or~~
37 ~~consortium's proposal to examine key sectors of the local economy~~
38 ~~within its region adequately and its ability to coordinate the delivery~~

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

12 (5) The contracting organization shall participate with the
13 workforce training and education coordinating board as created in
14 chapter 28C.18 RCW, and any regional entities designated by that board,
15 in providing for the coordination of job skills training within its
16 region)) shall include:

17 (a) The development of a countywide economic development plan
18 consistent with the state comprehensive plan for economic development
19 developed by the state economic development commission;

20 (b) Providing an inventory of sites available for development, and
21 assisting in site location and selection;

22 (c) Collecting and maintaining demographic, labor market, and other
23 data useful for the economic health of the county;

24 (d) Providing directly, or coordinating the delivery of, permit and
25 licensing assistance and information to businesses seeking to locate or
26 expand in the county;

27 (e) Marketing the county and the state as an excellent location to
28 expand or locate a business, in coordination with the department's
29 marketing efforts;

30 (f) Identifying gaps in the delivery of business start-up
31 assistance and coordinating efforts with local small business
32 development centers and other assistance providers to fill the gaps;

33 (g) Providing business retention and expansion services, including
34 business surveys and outreach efforts, early detection of potential
35 relocations or layoffs, and identification of employers' needs;

36 (h) Partnering with local governments, workforce development
37 organizations, port districts, export assistance providers, local
38 colleges and universities, the Washington state quality award council,

1 the Washington manufacturing service, and small business development
2 centers to facilitate the alignment of planning efforts and the
3 seamless delivery of business support services in the county;

4 (i) Collecting and maintaining data as specified by the state
5 economic development commission for use in program and system
6 evaluation; and

7 (j) Participating in region-wide economic development planning and
8 research to identify customer needs, identify gaps in services, and
9 identify methods and organizations available to meet business needs.
10 Additional regional efforts shall include working with regional
11 partners to identify opportunities for promoting increased
12 competitiveness of firms within the region and to coordinate and align
13 regional workforce development and economic development efforts.

14 (2) Associate development organizations contracting with the
15 department under this act that apply for the Washington state quality
16 award or its equivalent shall receive a ten thousand dollar award but
17 may not receive this award more than once every three years.

18 (3) The contracting organization shall participate with the state
19 board for community and technical colleges as created in RCW
20 28B.50.050, and any community or technical colleges designated by that
21 board, in providing for the coordination of job skills training within
22 its region.

23 NEW SECTION. Sec. 3. (1) Contracting associate development
24 organizations shall provide the department with measures of their
25 performance. Annual reports shall include information on the impact of
26 the contracting organization on employment, wages, tax revenue, and
27 capital investment. Specific measures consistent with the requirements
28 of RCW 43.330.080(1) and the direction provided by the economic
29 development commission shall be developed in the contracting process
30 between the department and the contracting organization every two
31 years. Performance measures should be consistent across regions to
32 allow for statewide evaluation.

33 (2)(a) The department and contracting organizations shall agree
34 upon specific target levels for the performance measures developed as
35 provided in subsection (1) of this section. Comparison of agreed
36 thresholds and actual performance shall occur annually.

1 (b) Contracting organizations that fail to achieve the agreed
2 performance targets in more than one-half of the agreed measures shall
3 develop remediation plans to address performance gaps. The remediation
4 plans shall include revised performance thresholds specifically chosen
5 to provide evidence of progress in making the identified service
6 changes.

7 (c) Contracts and state funding shall be terminated for one year
8 for organizations that fail to achieve the agreed upon progress toward
9 improved performance defined under (b) of this subsection. During the
10 year in which termination for nonperformance is in effect,
11 organizations shall review alternative delivery strategies to include
12 reorganization of the contracting organization, merging of previous
13 efforts with existing regional partners, and other specific steps
14 toward improved performance. At the end of the period of termination,
15 the department may contract with the associate development organization
16 or its successor as it deems appropriate.

17 (3) The department shall report to the legislature and the economic
18 development commission by December 31st of each year on the performance
19 results of contracts with associate development organizations.

20 NEW SECTION. **Sec. 4.** To the extent that funds are specifically
21 appropriated therefor, contracts with associate development
22 organizations for the provision of services under RCW 43.330.080(1)
23 shall be awarded according to the following annual schedule:

24 (1) For associate development associations serving urban counties,
25 which are counties other than rural counties as defined in RCW
26 43.160.020, a locally matched allocation of up to ninety cents per
27 capita, totaling no more than three hundred thousand dollars per
28 organization;

29 (2) For associate development associations in rural counties, as
30 defined in RCW 43.160.020, a per county base allocation of up to forty
31 thousand dollars and a locally matched allocation of up to ninety cents
32 per capita.

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

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