

Executive Cabinet Transition Report Tier 2



Washington State Department of Community, Trade and Economic Development



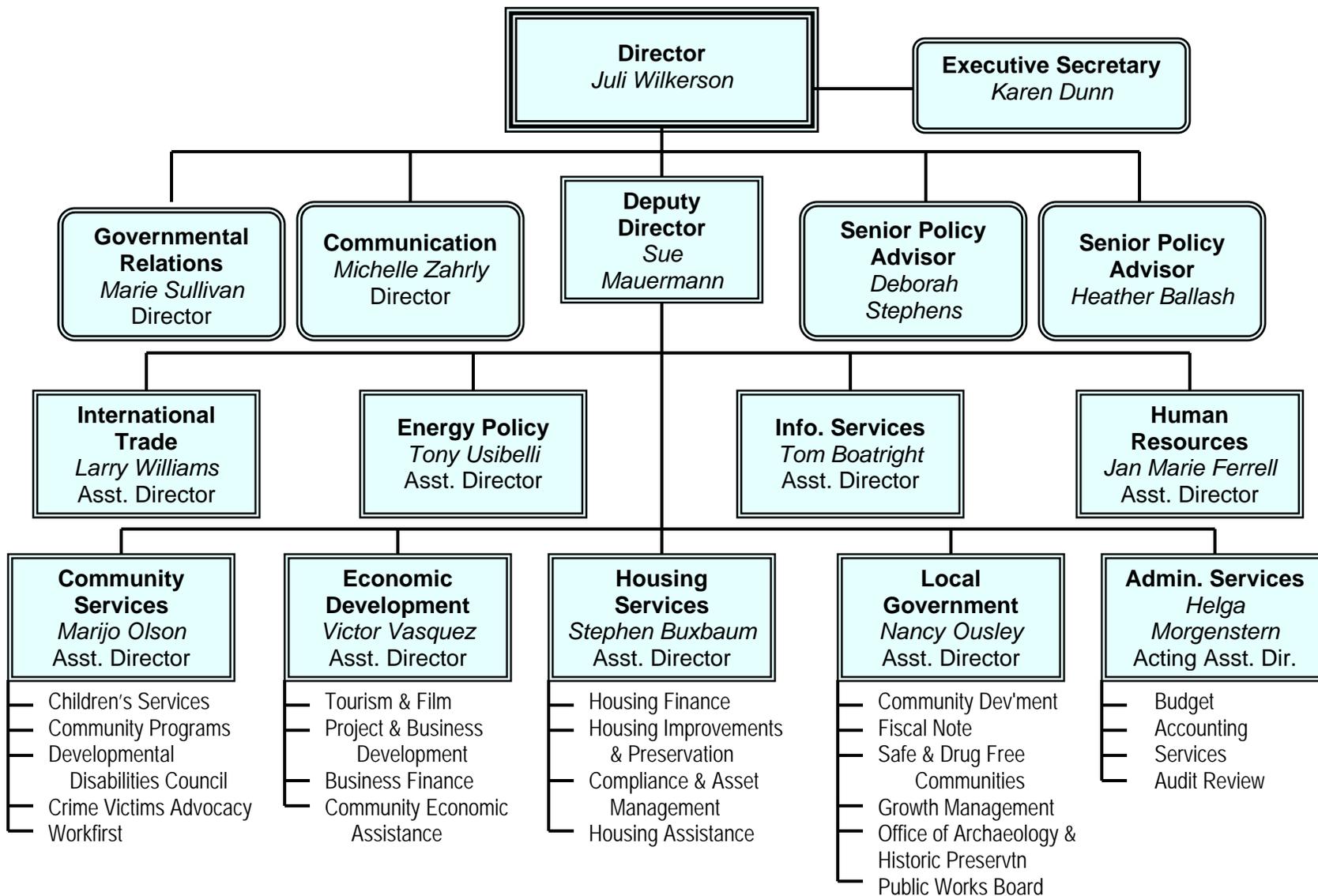
Juli Wilkerson, Director
128 10th Avenue SW
PO Box 42525
Olympia, WA 98504-2525

E-Mail: JuliW@cted.wa.gov
Phone: 360.725.4000
Fax: 360.586.8440

Agency website: <http://www.cted.wa.gov>

ORGANIZATION AND BUDGET

- **Organizational Chart**
- **Exempt Manager Bio-sketches**
- **Division Budget Summaries**



Exempt Manager Bio-sketches

Management Team

Juli Wilkerson, Director: *Since her appointment in January 2004, she has traveled the state extensively to meet with local elected, business and community leaders. She participated in Governor Locke's trade missions this year to Mexico, China and Vietnam. Juli is an attorney and most recently directed the City of Tacoma's Economic Development Department.*

Karen Dunn, Director's Confidential Secretary: *Karen joined the director's office in November of 2003. Her prior public service began in 1995 with the Washington State Energy Office and then with the CTED Energy Policy Division. As a graduate of Cal State Fullerton, Karen holds a Bachelor of Science degree in Business Administration.*

Sue Mauermann, Deputy Director: *Sue joined CTED in March 2004 after 27 years with Department of Ecology. There she served as Southwest Washington Regional Director for seven years and helped then-Director Tom Fitzsimmons spearhead Ecology's regulatory improvement efforts to respond to the Governor's Competitiveness Council. Sue graduated from the University of Puget Sound.*

Marijo Olson, Assistant Director Community Services Division: *Prior to her current appointment, Marijo served as a Vice President at Skagit Valley College. Other positions include DSHS Community Service Office Administrator, Assistant Director of State Services for the Blind, and State Director for Vocational Rehabilitation. She is a graduate of William Mitchell College of Law and a member of the Washington State Bar Association.*

Victor Vasquez, Assistant Director Economic Development Division: *Victor was appointed in June 2004. Previously he served as Director of WorkFirst at Employment Security Department. He served as a Deputy Assistant Secretary of Defense at the Pentagon. Victor holds a MPA Degree from Harvard University's John F. Kennedy School of Government and a BS from the University of Oregon.*

Tony Usibelli, Assistant Director Energy Policy Division: *Prior to this appointment, Tony managed the Energy Efficiency Section of the WSU Energy Program. He was also a staff scientist at Lawrence Berkeley National Laboratory and taught at Evergreen State College. Tony has an M.S. in Energy and Resources from UC Berkeley and B.A.'s in Geography and Classical Archaeology.*

Stephen Buxbaum, Assistant Director Housing Services Division: *Stephen has been Assistant Director for Housing since August 2003. Prior service with the department includes five years as Managing Director of Community Development Programs and five years as Executive Director of the Washington State Rural Development Council. He holds a Masters of Public Administration degree from the Evergreen State College.*

Larry Williams, Assistant Director International Trade Division: *Larry is responsible for the overall development, implementation, and management of international trade strategy for Washington. Previously, Williams was director of operations with the International Trade Division of the North Carolina Department of Commerce. He managed North Carolina's network of satellite offices worldwide, and managed foreign relations for the Department of Commerce.*

Nancy Ousley, Assistant Director Growth Management Division: *Before joining CTED in 2002, Nancy Ousley worked for the City of Seattle where she was instrumental in developing partnerships for South Downtown redevelopment. She also worked for King County and the US Department of Transportation. She is a graduate of WSU and holds Master's Degrees in Public Administration and Social Work from the UW.*

Helga Morgenstern, Acting Assistant Director Administrative Services: *Helga fills this position on a temporary basis. She is a retired State employee, having served for almost 27 years with the Department of Transportation. Helga has a bachelor's degree in Business/Economics from Chapman College and an MBA from the University of Puget Sound. CTED is recruiting for a permanent replacement.*

Michelle Zahrly, Director Communications: *Michelle oversees the agency's communications strategies and products, and provides communications counsel to the director. She held communications positions at the state arts commission and WSDOT after a marketing career in the private and non-profit sectors. She is a graduate of the Edward R. Murrow School of Communication at WSU.*

Marie Sullivan, Director Government Relations: *Marie has more than 20 years of government relations and communications experience, representing private and public sector clients, non-profit organizations and associations. She graduated from Washington State University in Journalism and Political Science, and has a master's degree from the London School of Economics. Marie joined CTED in September 2004.*

Jan Marie Ferrell, SPHR, Assistant Director of Human Resources: *Jan Marie Ferrell brings fourteen years of public-sector human resources management experience to her position at CTED, including service as the Human Resources Manager for the State of Alaska's Department of Community and Economic Development. Jan Marie is certified as a Senior Professional in Human Resources (SPHR) by the HRCI.*

Tom Boatright, Director Information Services: *Tom was appointed Chief Information Officer for CTED in September 2003. Prior to this appointment Tom was the Technical Services Manager for the Attorney Generals Office from 1998 to 2003. As the Chief Information Officer of CTED, Tom is charged with responsibility of CTED's Information Technology, Data Systems and Technical Infrastructure.*

Heather Ballash, Senior Policy Advisor: *Heather was appointed Senior Policy Advisor on community development issues in 2001. She worked for seven years providing technical assistance to counties and cities planning under the Growth Management Act (GMA). Previously, Heather was an administrative law judge for the Office of Administrative Hearings. Heather is a member of the Washington State Bar Association and has American Institute of Certified Planners certification.*

Deborah Stephens, Senior Policy Advisor: *Deborah Stephens, CTED's Senior Policy Advisor, is responsible for research and policy development of strategic statewide economic development issues. Stephens came to CTED from the Washington Utilities and Transportation Commission, where she advised Commissioners on energy issues. Previously, Stephens was an agricultural economist at Iowa State University.*

Other Exempt Managers

Dr. Allyson Brooks, State Historic Preservation Officer: *Dr. Brooks holds a Ph.D. in anthropology. She is a nationally recognized leader in the fields of archaeology and historic preservation, and serves on numerous national boards and committees. Brooks has been influential in passing legislation, streamlining environmental review processes, developing GIS applications and resolving contentious cultural resource issues.*

Allen Fiksdal, Manager Energy Facility Site Evaluation Council: *Allen has been the EFSEC Manager since November 1997, and held increasingly responsible EFSEC staff positions since 1986. Prior to joining EFSEC, Allen worked for 14 years as a geologist for both private industry and state government. Allen holds both bachelors and masters degrees in Geology.*

Ed Holen, Executive Director Developmental Disabilities Council

John LaRocque, Executive Director Public Works Board: *John's goal is to bring an entrepreneurial spirit to public service. He's managed key local government assistance programs including Public Works Trust Fund, which has witnessed unprecedented growth. Under his guidance the Drinking Water Program received national recognition. John developed the Water System Acquisition and Rehabilitation Program and co-founded the Infrastructure Assistance Coordinating Council.*

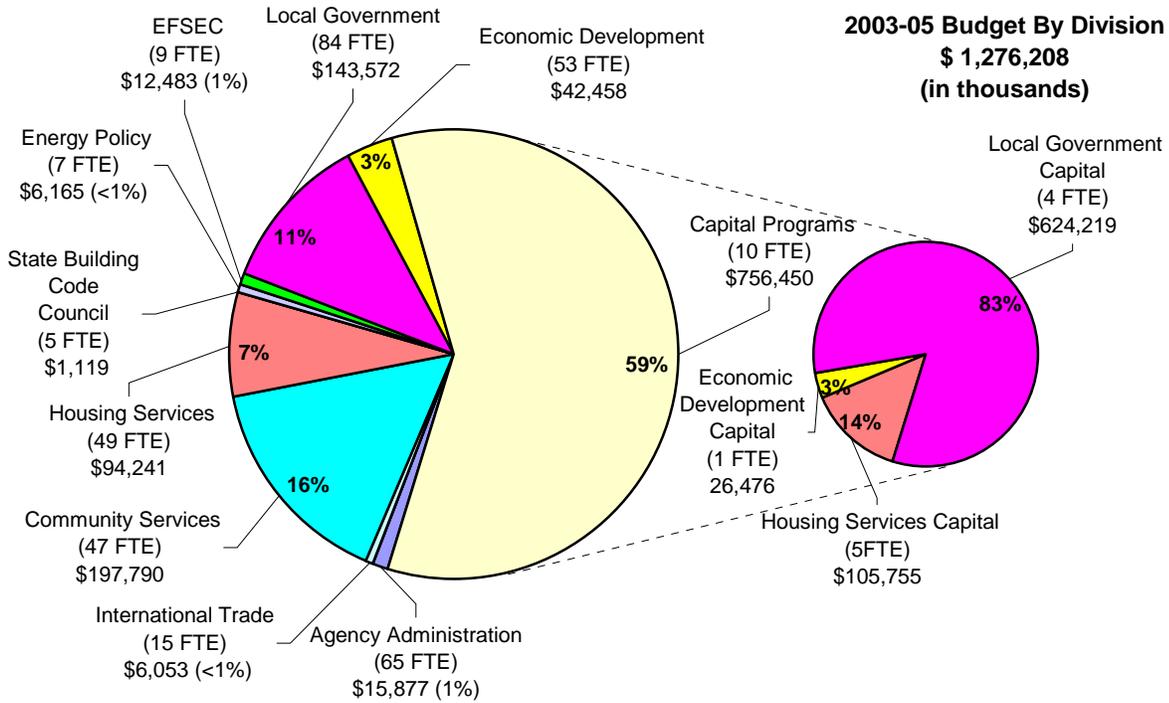
Robin Pollard, Project Manager Boeing 7E7: *Robin Pollard is 7E7 Project Coordinator on behalf of the state of Washington, responsible for overall implementation of the Agreement between the state and the Boeing Company. As Assistant Director for Economic Development, she was instrumental in the state's successful bid for the 7E7. Pollard has more than 18 years experience in small business assistance, business development, and film and tourism in the state.*

Tim Nogler, Managing Director State Building Code Council: *Since 1996, Tim has managed this twenty-member Council and 5 staff with responsibility to amend and adopt the state building code. He has prior experience at the Washington State Energy Office beginning in 1987 with the Energy Code Program. Tim is a graduate of The Evergreen State College, 1981.*

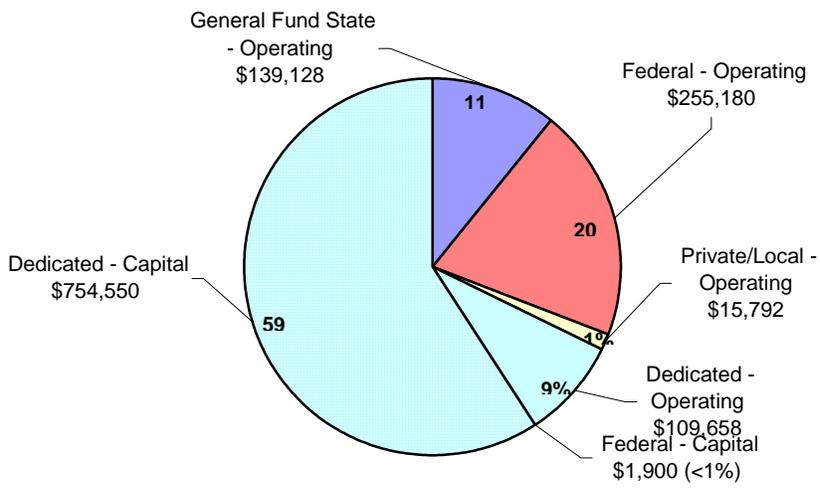
Budget Summary

Agency Totals

CTED's mission is to invest in Washington's communities, businesses and families to build a healthy and prosperous future. Our goals are to: 1) grow a diversified and sustainable economy; 2) advance the health, safety and social well-being of families and communities; 3) protect and enhance Washington's cultural and natural heritage; and 4) be a results-oriented, world-class agency whose leadership and vision are valued by its customers.



2003-05 Budget By Fund Source
Total Budget \$1,276,208 (in thousands)



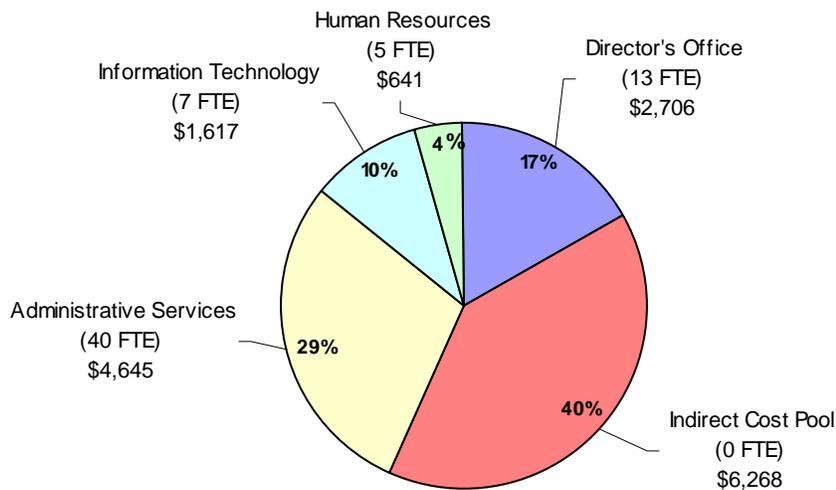
Budget Summary

Agency Administration

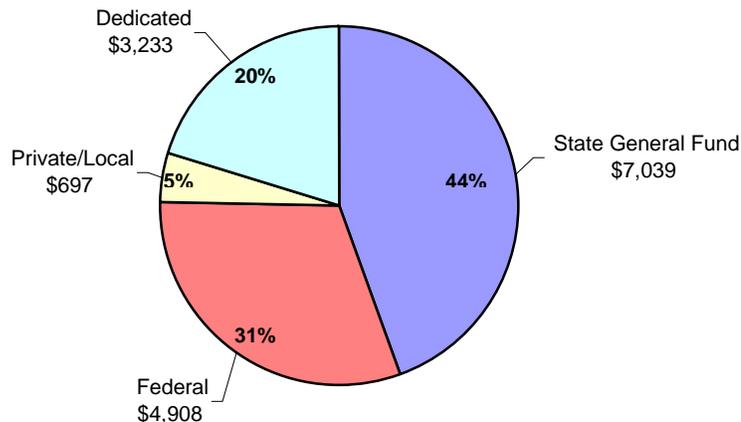
Administrative Services provides leadership and centralized, general business support activities to enable the efficient delivery of services and products by the various Divisions of the Department.

The program includes agency executive management and a number of business units: Human Resource Management, Information Technology, Fiscal and Administrative Services to include Audit and Audit Review, Budget and Accounting, Purchasing and Asset Management as well as Facilities and Telecommunication Services.

2003-05 Operating Budget By Unit
Total Budget \$15,877
(in thousands)



2003-05 Operating Budget By Fund Source
Total Budget \$15,877
(in thousands)

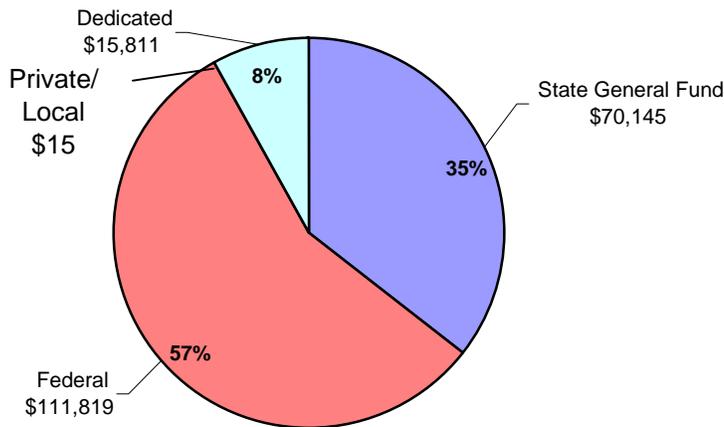


Budget Summary

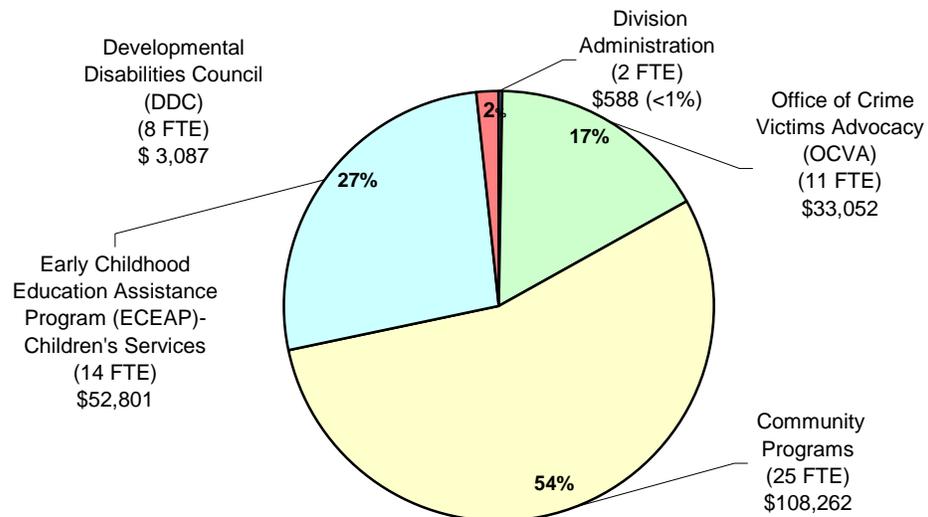
Community Services Division

Community Services works to strengthen the health, safety, self-reliance, and economic vitality of individuals and families by building community partnerships to provide service and advocacy. The programs in the Division include: Early Childhood Education Assistance Program (education and family support); Office of Crime Victims advocacy (safety and advocacy for victims of crime); Community Programs Unit (support to the community action agency network and other non-profits which provide emergency assistance, family development, advocacy and protection of vulnerable populations); Developmental Disabilities Council (federally mandated advocacy for vulnerable populations); and Workfirst's Community Jobs, Business Outreach, and Local Area Planning (assists TANF families to find employment and supports the state WorkFirst partnership).

2003-05 Budget By Fund Source
\$197,790
 (in thousands)



2003-05 Operating Budget By Unit
Total Budget \$197,790
 (in thousands)

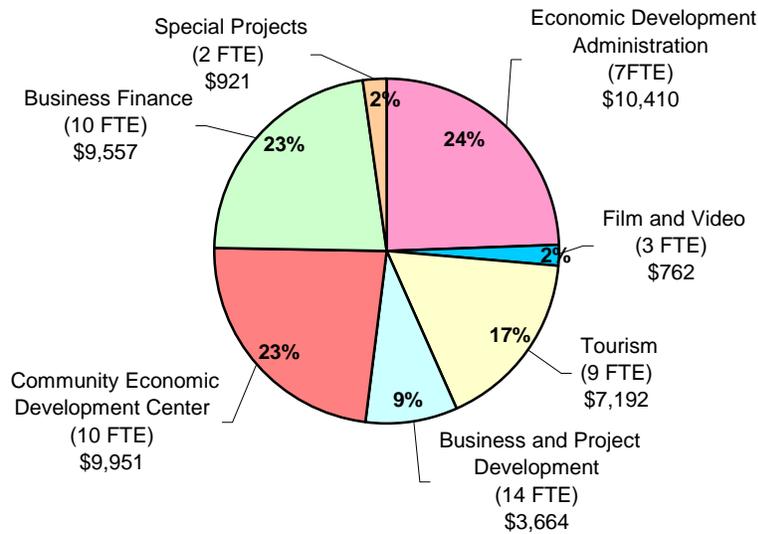


Budget Summary

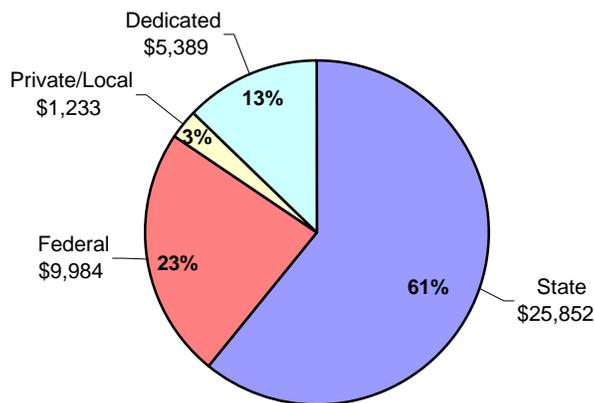
Economic Development

The Economic Development Division facilitates leadership among local leaders to attract, retain, and expand economic activity throughout the state of Washington. The division delivers a range of services from assisting with complex permit processes to infrastructure and business financing to marketing the state as a desirable place to live, work or visit. Its clients range from local municipalities looking for assistance with planning and predevelopment to economic development organizations and businesses needing help on business retention or expansion efforts.

2003-05 Operating Budget By Unit
Total Budget \$42,458
(in thousands)



2003-05 Operating Budget By Fund Source
Total Budget \$42,458
(in thousands)

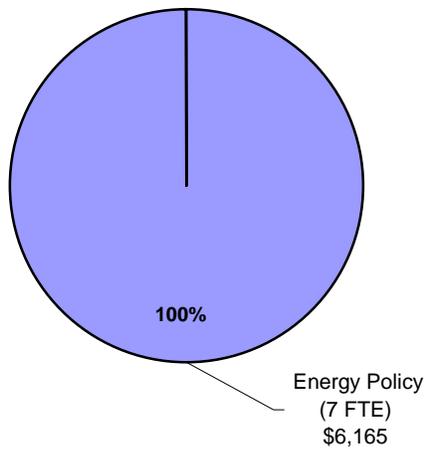


Budget Summary

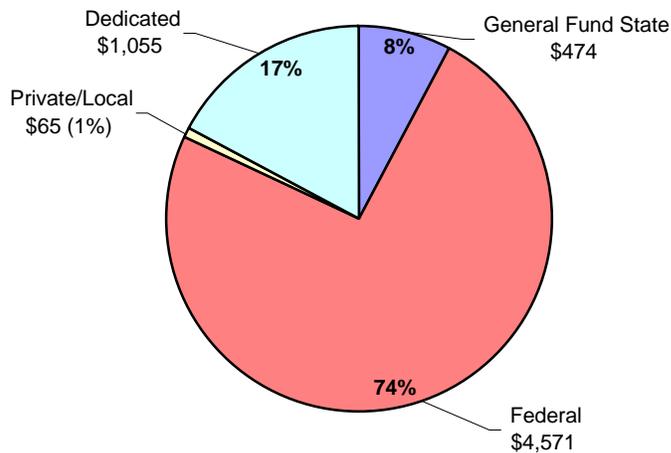
Energy Policy Division

The Energy Policy Division provides leadership, information, and analysis to develop energy policy decisions for a safe, affordable, and environmentally sound energy future for Washington’s communities, businesses, and citizens. The division includes state energy policy analysis and implementation, energy emergencies, energy/economic development, and contracts management/pass through.

2003-05 Operating Budget By Unit
Total Budget \$6,165
(in thousands)



2003-05 Operating Budget By Fund Source
Total Budget \$6,165
(in thousands)

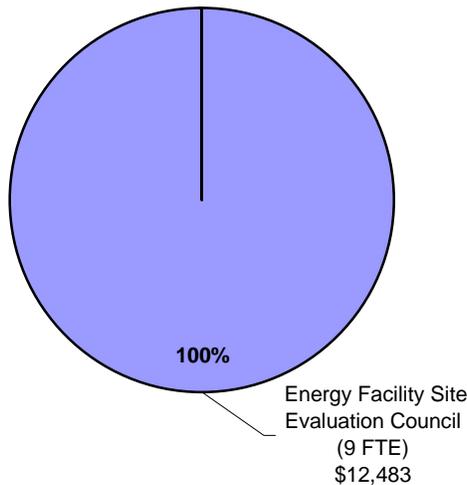


Budget Summary

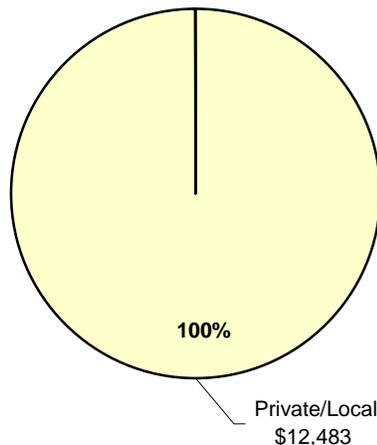
Energy Facility Site Evaluation Council (EFSEC)

The Energy Facility Site Evaluation Council (EFSEC) is an independent state permitting board with representatives from five state agencies, and a Governor appointed Chair. It is responsible for reviewing new major energy facilities that are 350 megawatts or larger and alternative energy facilities of any size that choose to be sited under EFSEC. EFSEC conducts a one-stop comprehensive project review and supercedes all other state and local agencies for issuing permits. It continues as the regulatory agency for approved major energy facilities. EFSEC currently has nine energy projects that are directly billed for all application processing and compliance monitoring costs.

2003-05 Operating Budget By Unit
Total Budget \$12,483
(in thousands)



2003-05 Operating Budget By Fund Source
Total Budget \$12,483
(in thousands)

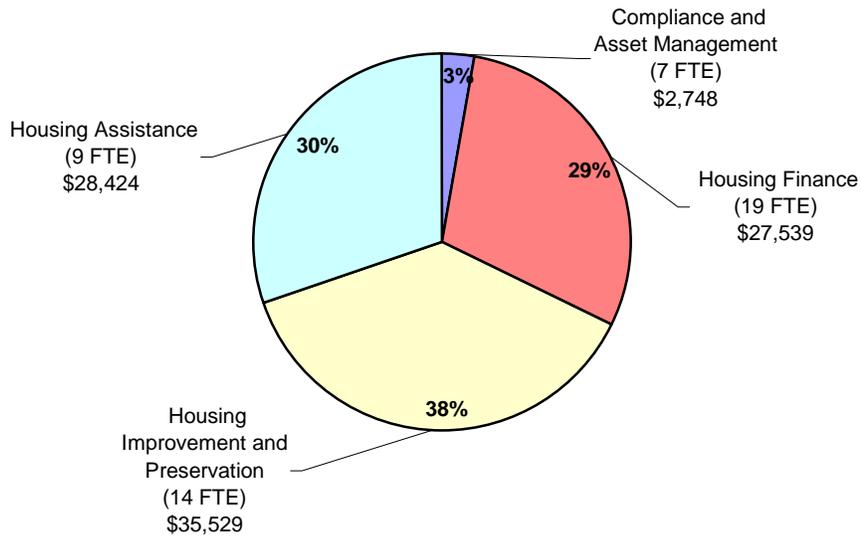


Budget Summary

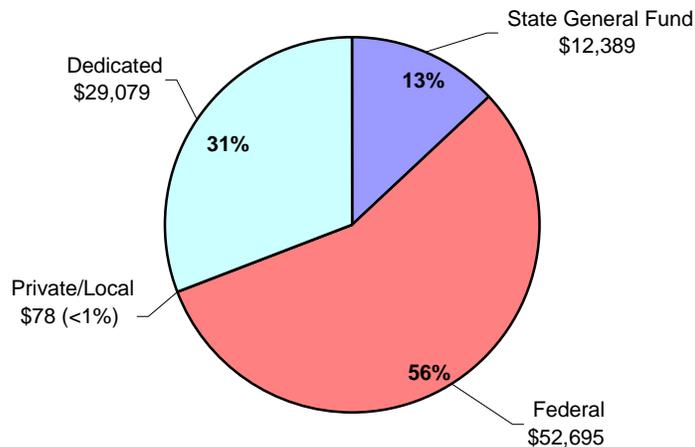
Housing Services Division

The Housing Services Division creates sustainable, affordable housing for low-income households and persons with special needs. The division also preserves and improves existing affordable housing, and assists vulnerable families and individuals with services to meet their basic needs.

2003-05 Operating Budget By Unit
Total Budget \$94,241
(in thousands)



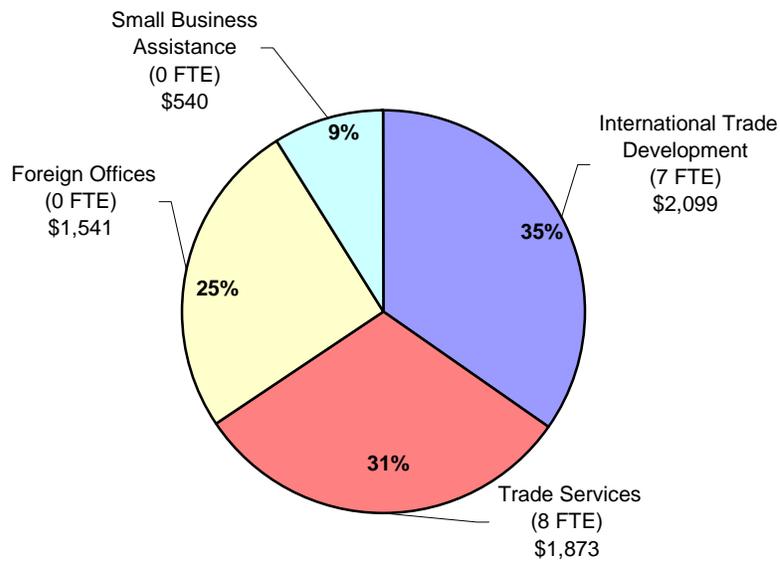
2003-05 Operating Budget By Fund Source
Total Budget \$94,241
(in thousands)



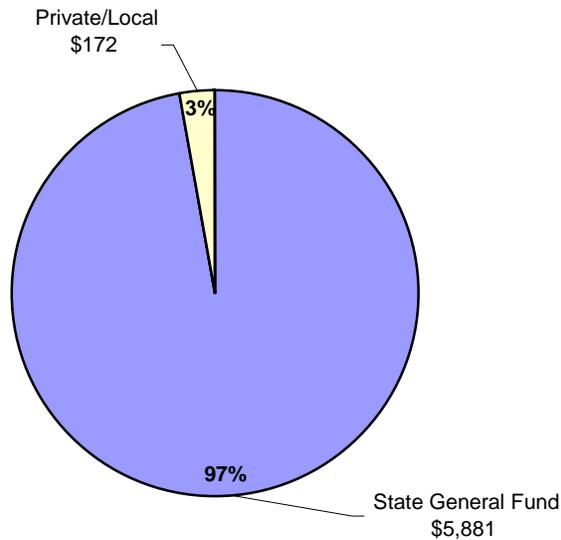
Budget Summary International Trade Division

The International Trade Division works to strengthen and diversify Washington State’s economy by promoting the expansion of international business in target markets and industries. The division’s program managers hold portfolios of industry and/or geographic specialties. They work hand-in-hand with overseas contract representatives to assist client companies’ increase their export sales or enter new markets. ITD’s clients are primarily small and medium-sized businesses statewide engaged in international business.

2003-05 Operating Budget By Unit
Total Budget \$6,053
(in thousands)



2003-05 Operating Budget By Fund Source
Total Budget \$6,083
(in thousands)

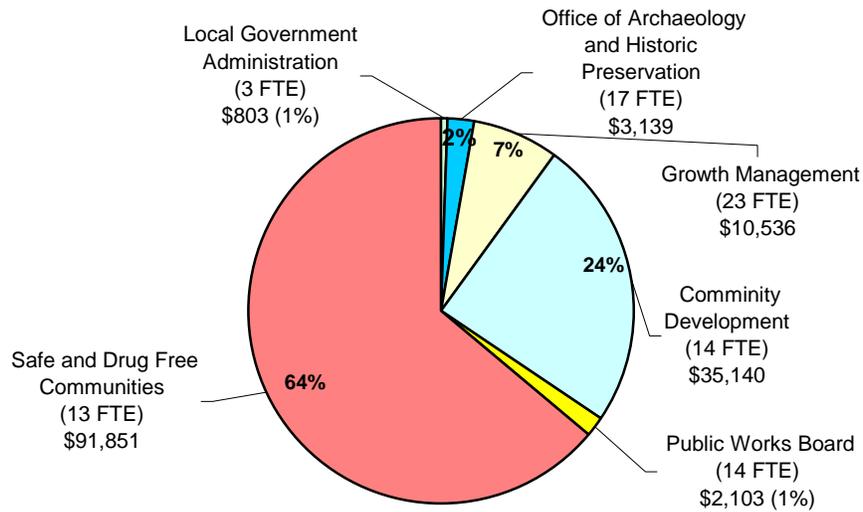


Budget Summary

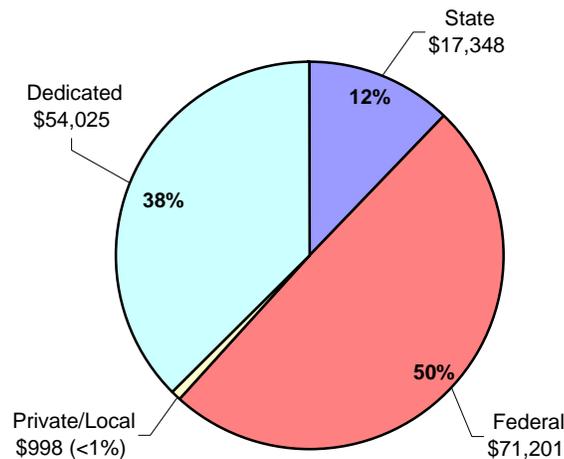
Local Government Division

The Local Government Division provides services to ensure that communities are safe, economically viable and satisfying places to live and work. The support for local communities includes decision-making for their future, building comprehensive plans, strategically funding infrastructure improvements, and promoting vital public safety programs.

2003-05 Operating Budget By Unit
Total Budget \$143,572
(in thousands)



2003-05 Operating Budget By Fund Source
Total Budget \$143,572
(in thousands)

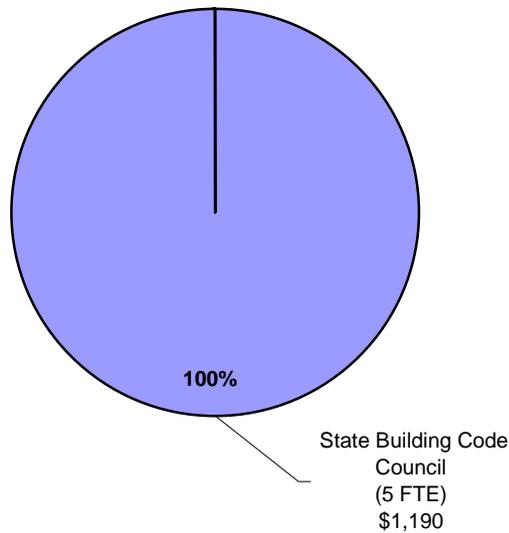


Budget Summary

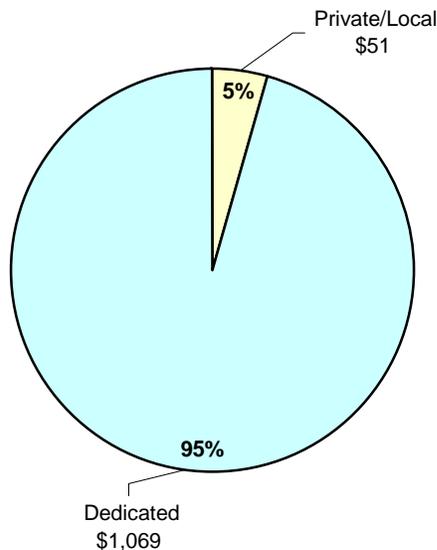
State Building Code Council

The State Building Code Council was created in 1974 to provide independent analysis and objective advice to the legislature and the Governor's Office on state building code issues. The Council establishes the minimum building, mechanical, fire, plumbing and energy code requirements necessary to promote the health, safety and welfare of the people of the state of Washington, by reviewing, developing and adopting the State Building Code.

2003-05 Operating Budget By Unit
Total Budget \$1,190
 (in thousands)



2003-05 Operating Budget By Fund Source
Total Budget \$1,190
 (in thousands)



Budget Summary

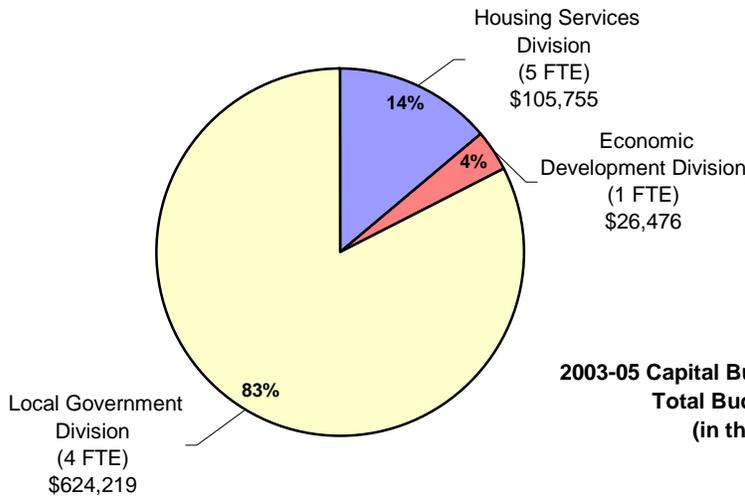
Capital Programs

The Housing Services Division’s Housing Trust Fund, Housing Weatherization, Energy Matchmakers, Homeless Families with Children, and Farm Worker Housing Assistance programs are designed to enhance the development of affordable housing units, and to upgrade, and weatherize existing affordable housing units for low-income families.

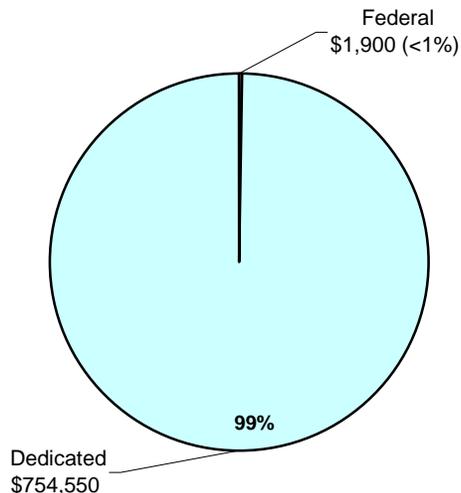
The Local Government Division’s Public Works Board assists local governments with low-interest loans and technical assistance to finance public works projects. Other capital programs include Community Services Facilities, Building for the Arts, Youth Recreational Facilities, and Local Capital Projects.

The Economic Development Division’s Community Economic Revitalization Board provides low-interest loans and grants to local governments to build physical infrastructure needed for private industrial development. The Rural Washington Loan Fund helps finance business start-up, expansion, and business retention projects in rural Washington.

2003-05 Capital Budget By Division
Total Budget \$756,450
 (in thousands)



2003-05 Capital Budget By Fund Source
Total Budget \$756,450
 (in thousands)



AUTHORIZING ENVIRONMENT AND ENVIRONMENTAL SCAN

- **Major Statutory Authorities**
- **Major Partners and Customers**
- **External Environmental Scan**

Major Statutory Authorities

Citation	Description
19.27	State Building Code Act
19.29A	Consumers of electricity
27.34	State historical societies–Historic preservation
27.44	Indian graves and records–Examination–Permitting
27.53	Archaeological sites and resources–Declaration
28A.215	Early Childhood Assistance Program
28B.20	Washington Technology Center
35.02.260	Duty of CTED to assist newly incorporated cities and towns
36.22.178	Surcharge for Low-Income Housing
36.70A	Growth management–Planning by counties and cities
36.70B.220	Permit Assistance staff
36.93	Boundary review boards
39.19.240	Linked Deposit Information
43.08	Public safety and education account
43.21F	State Energy policy
43.21G	Energy supply emergencies.
43.21A.515	DOE Assistance to businesses interested in locating in WA required
43.31	Trade, business assistance and economic development
43.63A.021	Department of Community, Trade and Economic Development–Definitions
43.63A.075	Community Development Finance Program
43.63A.105-115	Local community action and community service agencies
43.63A.155	Local government bond information–Publication–Rules
43.63A.275	Retired senior volunteer programs–Funds distribution
43.63A.400-420	Grants to public broadcast stations
43.63A.460-490	Manufactured housing
43.63A.500-505	Farmworker housing
43.63A.550	Growth management–Inventorying and collecting data
43.63A.600-640	Emergency Mortgage and Rental Assistance Program
43.63A.645-680	Housing–Department’s responsibilities and related duties
43.63A.690	Minority and women-owned business enterprises–Linked deposit
43.63A.720-740	Prostitution prevention and intervention services
43.63A.750	Performing arts, art museums, cultural facilities–Competitive grants
43.63B	Mobile and manufactured home installation
43.88.093-94	Development of budget–Tourism development division
43.131.381-388	Linked Deposit Program; Rural natural resources impact area programs; Permit Assistance Center
43.132.010-70	Fiscal impact of proposed legislation on political subdivisions
43.150.010 -80	Center for Volunteerism and Citizens Service
43.155	Public works projects–Public Works Board
43.157	Industrial projects of statewide significance
43.160	Economic development–Public facilities loans and grants– Community Economic Revitalization Board
43.163	Economic development finance authority
43.165.010	Community Revitalization Team–Assistance to Distressed Areas–Definitions
43.168	Development Loan Funds
43.172	Minority and women-owned businesses assistance
43.185	Housing Assistance Program/ Housing Trust Fund
43.185A	Affordable Housing Program
43.185B	Washington Housing Policy Act

43.190	Long-term Care Ombudsman Program
43.210	Small Business Export Finance Assistance Center
43.270	Community mobilization against substance abuse
43.280	Community treatment services for victims of sex offenders
43.310	Youth gangs– prevention and intervention
43.330	Department of Community, Trade and Economic Development– responsibilities
59.22	Office of Mobile Home Affairs–Resident-owned mobile parks
59.24	Rental security deposit guarantee
59.28	Federally assisted housing
70.119A	State drinking water program
70.125	Victims of sexual assault program
70.164	Low-income Residential Weatherization Program
80.50.010	Energy facilities–Site locations– Energy Facility Site Evaluation Council

Major Partners and Customers

CTED's maintains an extremely diverse set of customers, service providers and partners – as broad as the range of our nearly one hundred activities. While our ultimate customers are those citizens and businesses receiving our services, the success we have in meeting our mission and goals is reliant upon our partnership with myriad local and regional organizations – economic and workforce development councils, community action agencies, local and state government agencies, industry, trade and business associations, housing authorities, ports, and hundreds of other specialized non-profit groups meeting needs such as historic preservation, crime victims advocacy, welfare-to-work, downtown development, etc.

We see a continuing need for assistance from the state to increase local capacity to provide services. This is driven by:

- The increasing complexity of state and federal program requirements and the issues they are attempting to address;
- Different levels of available technology (e.g., access to email);
- Increasing demands for services from nonprofits and local governments;
- Increasing costs of health care;
- Declining resources and ability to raise revenues; and
- Decreasing availability of equity and lending capital.

Customer approaches to these challenges range from an expressed desire for more state assistance and involvement to an increased desire for local control in decision-making. There is a strong perception, especially from local government, that they are being asked to do more by the state without adequate funding.

CTED's approach in response to these needs and expectations is to:

- Continue to improve our delivery systems to be more efficient and cost-effective;
- Build partnerships that increase communication and trust, and leverage local and other state resources; and
- Coordinate with customers to communicate their needs to the Legislature, the Governor and Congress.

External Environmental Scan

The state is continuing to face a challenging economic environment due to layoffs in the aerospace and information technology industries. The state has one of the highest unemployment rates in the country, despite a recovering national economy. The result is an increased need for resources from CTED for shelter, food, infrastructure financing, economic development assistance and other community services. Below is a short overview of external conditions and trend drivers for principal CTED service areas.

Trade and Economic Development

While Boeing's announcement to build the 7E7 here in Washington State has given new hope for the state's economy, the financial benefits from the state's success will not be realized immediately. The dramatic changes in the economy are forcing the state, and CTED, to re-examine our role in economic development and the overall strategy for investing severely limited resources. Lessons learned from the state's experience in developing the proposal for Boeing's 7E7 should inform that discussion.

To be effective CTED must align its diminished resources to enhance the performance outcomes of many partners in other governmental, non-profit and private sector organizations that contribute to the state's economic viability. Recent studies and customer survey's indicate a shift is also needed to rebuild trust with customers and perform a positive leadership role. Additionally, we must find a balance between state business targets and local priority industry targets. One key gap is a strategic, comprehensive marketing approach to enhance the state's competitive position on behalf of businesses and communities throughout the state. CTED has developed a 2005-07 decision package to help close this gap.

Trade -- Global competition is having local impacts on farming, forestry, manufacturing, and other key sectors of the state economy. Additionally:

- Current U.S. dollar high value undermines competitiveness of American exports;
- Global economic downturn and related expansion of protectionism; and
- War, contagious disease outbreaks and homeland security all create a difficult and challenging atmosphere for international trade.

The pressure on companies to compete globally is increasing the demand for CTED trade assistance services and in regions of the world where CTED does not have representation. Additionally, our state's shift to a predominantly service-based economy demands in-house expertise on how service companies compete globally. The following challenges face CTED Trade Staff:

- Increased demand with decreasing resources
- Demands by elected officials divert attention and resources
- Numerous incoming delegations are not serious buyers, but none the less require staff time and attention

Energy Outlook – The energy environment in Washington State, the Northwest and nationwide continues to be both volatile and uncertain. In 2004, natural gas prices remain high, gasoline has reached near record price levels and Washington's citizens continue to pay for the consequences of the 2000/2001 "perfect storm" in the electricity markets. This price volatility has temporarily or permanently shut down some Washington businesses and has raised the question of viability for the entire northwest aluminum industry. The Federal Energy Regulatory Commission (FERC) continues to advocate for the formation of a Regional Transmission Organization, which would fundamentally change the management and perhaps jurisdiction of our high-voltage electricity transmission system.

Significant opportunities exist for increased economic development through promotion and assistance to the Washington clean/smart energy industry. The energy efficiency and renewable energy industry in Washington employs over 4,000 people and represents at least a billion dollars in annual economic activity.

Community Development

Reduced Funding For Local Governments and Community Groups – Continuing reductions in state and federal funding has seriously affected their capabilities in CTED service areas such as planning, law enforcement, low-income services, housing and capital projects and historic preservation. State funding sources have decreased or stayed the same while local governments continue to experience budget shortfalls due to reduced revenues from a slow economy and limits placed on raising revenues by state initiatives. Federal funding has declined and each program has strict limits on the amount that can be used for administration.

Community Services – The number of individuals and families being served in communities around the state speaks well for our ability to identify, acknowledge and address human needs in our society. It also demonstrates a large amount of unmet need that must be addressed in the next biennium and beyond.

The following is a snapshot of social challenges and CTED service impact:

- Between 2000-2002, Washington State ranked fifth in the nation for the percentage of people experiencing hunger. More than 100,000 households (4.6%) in the state experience hunger each year and an additional 12.5%, or 290,000 households, experienced food insecurity.
- In the first 8 months of FY 04, 890,000 individuals have used food banks in Washington State an average of 4.5 times for a total of almost 4 million visits. This is an increase of 20,000 individuals using food banks compared to the same period in 2003. Approximately 40% of those receiving services from food banks in the state are children.
- Over 55,000 households received low-income energy assistance for heating costs (LIHEAP) spent and average of 15% of their income on heating compared the national average of 3.4%. The average household income of families receiving LIHEAP is below \$10,000 and is less than 20 percent of the eligible population
- WorkFirst's Community Jobs program has enrolled over 13,000 of the most difficult to serve Temporary Assistance to Needy Families (TANF) in the past 6 years, and 57% of them have been placed in unsubsidized employment. During that time, Washington State's TANF caseload has decreased from 105,000 to 55,000 families however many still have need for supplemental resources such as subsidized housing, emergency food assistance, childcare, and family support in order to stay employed.
- According to U.S. Census data, approximately 29,384 three- and four-year old children from very low-income families are eligible for early childhood education programs. The Early Childhood Education and Assistance Program serves 5,800 and Head Start serves another 9,500, leaving 14,084 without pre-school education. Advocates are calling for expansion of early childhood education for all children and creation of learning benchmarks and standards that can be applied in any pre-school setting.
- Based on the 2001 Washington State Sexual Assault Incidence and Prevalence study, 38% (844,754) of adult women in this state have experienced sexual victimization at some point in their lifetime. Increasing numbers of victims and their families are seeking support and assistance in recovering from the aftermath of sexual assault. Sexual assault programs in Washington State served nearly 10,000 new clients in FY 2003, a figure that has been gradually increasing each year.

Housing – CTED’s housing resources are distributed on a statewide basis. Compared to the overall statewide need, resources are very limited. CTED’s housing investments will probably always be faced with having to balance between spreading resources widely and rising to the occasion of investing deeply in ways that will make a meaningful and long-term difference in certain communities. Other issues include:

- We have an expanding need for monitoring as our portfolio of active projects grows from cumulative years of funding (Housing Trust Fund investments) and as demand increases for programs that are market driven (manufactured home installation). Additionally, local market and public subsidy changes have a large impact upon the viability of projects that are contained in the Housing Trust Funds portfolio.
- Housing developer capacity is not evenly distributed around the state. Areas such as King County result in significant development activity in urban areas and less in underserved rural areas. CTED is contracting with experienced housing providers to build rural capacity.
- Continuum of Care planning groups are being established to better address homelessness in communities across the state. These groups bring the various funding streams and resources into alignment with each other to avoid duplication, to bridge gaps in services, and to build a comprehensive system of housing and services.
- While the majority of farm workers are adult males there is an increasing trend in the number of families requiring housing and other services. The greatest demand for farm worker housing occurs during July, due to the large influx of migrant workers for the labor-intensive cherry harvest season. In recent years, Eastern Washington orchardists have significantly increased the amount of acreage devoted to cherries and have begun planting new late-harvest varieties. This can be expected to increase peak labor demand over a longer period of time in coming years, requiring a greater emphasis on the development of temporary housing for migrant workers.

STRATEGIC PLAN HIGHLIGHTS

- **Agency Mission**
- **Major Goals and Strategies**

Strategic Plan Highlights

Agency Mission

CTED invests in Washington's communities, businesses and families to build a healthy and prosperous future.

Major Goals and Strategies

CTED's new strategic plan is the most integrated agency plan in the ten years of our existence as a single agency. The plan describes the vast array of investments and services under four goals listed below. CTED is statutorily directed to implement a broad range of programs and services.¹ CTED strategically invests over \$1 billion per biennium and provides skilled technical assistance to help communities become healthy, sustainable and vital.

Three core strategies shape service delivery in support of CTED's mission:

- Building local organizational capacity to plan for the future, provide key community services and create jobs;
- Making strategic investments in community facilities, services, economic development and housing; and
- Marketing the state's products for export and the state as a good place to do business and travel.

Working closely with an array of state and local partners, CTED provides a continuum of services that advance the economic, social and physical well-being of communities and their businesses and families. A significant CTED core competency is our ability to work closely with the communities we serve. We provide our services primarily through local government and non-profit organizations. We believe this best allows our services to be provided in an integrated manner to communities and businesses consistent with their unique capacities and needs.

Building Community Capacity – CTED provides technical assistance, training and data to ensure that our customers are prepared to be successful. We work with community leadership and promote collaborative approaches to community vitality. We support planning for livable, sustainable and prosperous communities.

Investing in Communities – CTED provides over \$1 billion in grants and loans to local organizations to fund critical capital projects, affordable housing and community and economic development services. We fund the infrastructure essential to a functioning economy and healthy environment. This includes roads, rail, water, sewer, telecommunications and energy.

Marketing Washington and its Products – CTED promotes and markets Washington State as a competitive place to do business and to travel.

Goals and Objectives

We have identified four key goals for the agency. The first three goals identify how we will accomplish our mission throughout the state. The final goal relates to CTED's organizational strategy. This Executive Summary provides the key objectives under each goal – strategies can be found in the full plan.

¹ The agency has activities covering nine out of the eleven of Washington state's Statewide Results categories.

Goal 1**Grow a diversified and sustainable economy.**

- Enhance the ability of local leaders and their key partners to achieve community and economic development goals.
- Foster comprehensive planning and funding for infrastructure and amenities to achieve Growth Management goals and attract economic investment.
- Improve the ability of small communities to secure funding and effectively manage capital projects.
- Make strategic investments to finance infrastructure that increases the feasibility of sites for proposed or desired commercial and industrial development.
- Assist Washington companies to successfully enter new foreign markets or increase their market share abroad.
- Establish Washington State as a nationally recognized competitive place to do business, an exceptional travel destination and a valuable film and video production region.
- Promote energy policy and facility siting that provides price stability, reliability and a diversity of supply while boosting the state's sustainable energy industry.
- Fund and promote investment in home energy conservation and other sustainable building practices that preserve affordable housing and conserve local and state resources.
- Increase the availability of safe, affordable housing for migrant and seasonal farm workers and their families.

Goal 2**Advance the health, safety and social well-being of families and communities.**

- Increase the capacity of housing providers to develop and manage low-income housing more effectively and efficiently.
- Increase the opportunities available to homeless households to achieve stable, affordable housing.
- Increase the capacity of communities to reduce crime and assist the victims of crime.
- Provide assistance to low-income individuals and families without resources to meet their needs.
- Advance the educational and economic opportunities of low-income and vulnerable families in Washington State.
- Provide enhanced energy emergency and security planning and response.
- Protect public health and safety by requiring and funding a safe and healthy built environment.

Goal 3**Protect and enhance Washington's cultural and natural heritage.**

- Promote and preserve Washington's cultural and natural assets.
- Increase the level of support for local governments to protect critical areas under the Growth Management Act.
- Enhance environmental quality and efficiency related to energy production and use.

Goal 4**Be a results-oriented, world-class agency whose leadership and vision are valued by its customers.**

- Develop and use a more sophisticated performance management system.
- Ensure a high level of staff development results and internal satisfaction.
- Integrate agency-wide business practices and services.
- Ensure strong financial management and accountability as stewards of public resources.
- Improve CTED's ability to best use information technology as a primary conduit to provide services to Washington's communities, businesses and families.

SWOT ANALYSIS

- **Strengths**
- **Weaknesses**
- **Opportunities**
- **Threats**

SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis

Strengths – What does the agency do well? What advantages do you have? What internal characteristics contribute to your successes?

- **CTED’s integrated strategic plan** provides a united vision of the diverse and important role that CTED plays in improving economic opportunities and improving the quality of life in Washington. The strategic plan links the agency’s continuum of programs and services to four broad agency goals.
- CTED provides a **diverse array of financial resources, technical expertise, and data** to businesses and communities to build capacity and ensure success.
- CTED builds **dynamic partnerships with our constituencies and stakeholders**. CTED’s success depends on effective relationships with many local and regional organizations – economic and workforce development councils, community action agencies, local government, industry and business associations, housing authorities, ports, and hundreds of other non-profit groups.
- **Agency employees** are committed and passionate about their programs and stakeholders.
- **CTED employs a unique interdivisional forum that allows us to respond to individual community financial and technical needs**. The Resource Team encourages and provides opportunities for staff, management, partners, and clients from diverse programs to work collaboratively toward successful local projects.
- Stakeholders and the Legislature perceive **CTED as the “go to” agency** for innovative programs and initiatives.
- By contracting with **local delivery systems**, such as Community Action Agencies, state general funds are leveraged with federal, foundation, and local resources to create responsive, cost-effective services for low-income families.
- **CTED administrative costs are low and lean** compared to other state agencies – agency administration costs are about 1% and program costs are 5.6 % of the budget.
- CTED’s role in **advocacy for domestic violence victims, sexual assault programs, and for families with members who are Developmentally Disabled** provides community and consumer input that shapes state policy decisions.
- Through our foreign representatives, we are **uniquely positioned in foreign markets** for strategic investment in our state.
- CTED employs the guidance of the **Economic Development Commission** to ensure that the state’s economic development strategies and policies effectively encourage employment growth, increase state revenues, and generate economic well-being for Washington. We build on our collaboration with other state agencies in this effort.

Weaknesses – What things are a struggle for the agency? What do customers or stakeholders complain about? What are the unmet needs of staff or managers? What internal capacity or financial issues exist?

- **CTED lacks adequate financial resources** to accomplish key state and agency goals, including:
 - Funding for **development and implementation of a statewide marketing strategy** to respond to the call from Washington’s business community, trade and tourism industries, local elected officials and others for the state to lead a comprehensive and aggressive marketing effort to bring new industries and travelers to the state. The National Association of State Development Agencies ranks Washington among the lowest states in marketing expenditures for tourism, trade and business development.
 - Adequate **planning and infrastructure funding support to local governments for Growth Management Act goals**. Local governments report that state planning grants cover approximately one-third of the cost to plan for growth. These communities are willing to accomplish requirements, but cannot cover this extent of the cost. Additionally, a local

- government infrastructure study by CTED based on county and city comprehensive plans identified a \$3.05 billion shortfall in infrastructure funding.
- o **Sufficient capital to respond to increasing demand on the Housing Trust Fund.** The HTF continues to be oversubscribed causing a bottleneck in leveraging and financing low-income housing projects.
 - o Provision of a **state funding source for the Community Economic Revitalization Board's proven programs aimed at financing local, publicly owned infrastructure projects that propel private development and investment** in high-wage sectors. New infrastructure funding needs are emerging for incubator facilities and for retaining military bases and defense-related business.
 - o **Maintaining the Early Childhood Education and Assistance Program** at current service levels to prepare children for kindergarten success.
 - o Funding to **maintain the volume of food** through Emergency Food Assistance, while increasing quality food to avoid obesity.
 - **Numerous changes in agency structure and leadership** over the past several years that have affected stability.
 - **Multiple funding sources that can make it difficult to efficiently administer** CTED funds that derive from 31 separate sources with different requirements.
 - **Reductions in program staffing** over the past several biennia that make it increasingly difficult to achieve a balance between providing services to our customers and providing accountability reporting to our authorizing environment.
 - **Eroded state general fund resources** that leave us unable to leverage other resources for lack of match.

Opportunities – Looking outside the agency, where could the agency make inroads or expand its performance? Where are your strengths not being fully utilized? Are there emerging trends that fit with your strengths and that you could leverage to improve?

- **CTED's statewide marketing strategy** can respond to the state's need for a strategic, comprehensive marketing approach to enhance the state's competitive position on behalf of businesses and communities throughout the state.
- CTED can **increase the number of client companies in non-metropolitan** parts of the state that use CTED international trade services.
- By focusing on creative **joint efforts with key economic and workforce development providers**, CTED is beginning to explore the relationship between workforce and economic development. We think there are significant opportunities to maximize the link with businesses and WorkFirst job seekers.
- CTED can promote opportunities to **leverage and coordinate planning and local capital project funding** with other funding programs; continue innovations to maximize resources, such as the accelerated loan model for the Public Works Trust Fund.
- Significant opportunities exist for increased economic development through CTED **promotion and assistance to the energy efficiency industry, renewable energy industry, and advanced electricity technologies**. Renewable energy sources such as biodiesel provide a promising opportunity to tie economic development with value-added agriculture.
- CTED is employing a cluster approach to support specific target industries and maximize the impact of economic development resources in the current challenging budget environment. We have aligned our own organization into intra-agency teams to serve targeted industries (e.g. forest products, tourism, life sciences) and see significant opportunity to align resources across state government.
- Virtually every economic driver in our state economy depends on the health and competitiveness of the maritime industry, including aerospace, agriculture and high technology. In partnership with Washington ports, we have an opportunity to focus our efforts to identify state strategic priorities and needs.

Threats – What external forces could adversely impact your performance? Is the authorizing environment changing? Are there emerging trends that amplify any of your weaknesses?

- **State budget shortfalls** – Decreased state revenues result in state budget shortfalls that require state agencies to consider cuts when increased investment is needed.
- **Competition among state agencies for diminished flexible funds** -- For example, Employment Security's Administrative Contingency Fund 120 provides critical resources for Economic Development division programs and staffing.
- **Reduced or flat funding to community-based organizations** over the past five years has resulted in an erosion in the funds available to maintain safe facilities and equipment, train staff, provide benefits or pay for insurance. In some instances, a reduction in services has occurred.
- **Global competition** -- Global competition is having local impacts on farming, forestry, manufacturing and other key sectors of the state economy – impacting the ability of local economies to compete and succeed.
- **Energy outlook** -- The energy environment in Washington, the Northwest and nationwide continues to be volatile and uncertain. Electricity prices, while still below national averages, have risen significantly making Washington less attractive for electricity intensive industries such as aluminum smelting. Both natural gas and petroleum prices have risen dramatically over the last year and are likely to remain both high and volatile for at least the near term. With non-indigenous petroleum or natural gas resources this means a large outflow of dollars from Washington's economy.
- **Population growth and changing customer demographics** - Washington's population is expected to grow by 28% between 2000 and 2020, escalating development pressures that require strong city and county comprehensive plans to help direct growth. A growing population that is increasingly low-income and increasing in average age creates increased demand for existing services, for different types of services and for technology to deliver those services (e.g., access to e-mail).
- **Reduced funding for local governments** – State initiatives and continuing reductions in state and federal funding for local governments variously affected local governments' capabilities in CTED service areas such as planning, law enforcement, housing and capital projects and historic preservation.
- **Lack of affordable housing** – Compared to the overall statewide need, CTED's housing resources are very limited. Local market conditions and federal public subsidy changes have a large impact upon the viability of projects that are contained in the Housing Trust Fund portfolio.
- **Homeland Security takes a toll** – Federal grants to local law enforcement for the improvement of criminal justice programs is being diverted to Homeland Security. Homeland Security is placing added burdens on state and local governments for security-related infrastructure assessment and protection, often with insufficient funding. Stricter visa regulations make it more difficult for legitimate foreign buyers to visit suppliers in the US and there is a reduction in full-tuition students attending our educational institutions. The Ports are required to invest more heavily in security measures with limited federal assistance to fund these mandates.
- **Public perception of government** – The public continues to be distrustful of government. Media focus on public agencies tends to be on controversial issues rather than successes.
- **Business Finance Lending Capacity** – CTED has three tools for providing over \$1 million in rural economic development financing; in urban settings, it has one (Brownfields). In urban communities (75% of Washington's population) CTED has only two other financing tools exceeding \$100,000 with almost no local ED lenders able to make a \$200,000+ loan for expansion, attraction or retention.

EMERGENT OR HOT ISSUES

- **30 Days**
- **60 Days**
- **90 Days**

Emergent or Hot Issues

30 Days

Homeless -- The Homeless Families With Children Plan is due to the Legislature from CTED and the Department of Social and Health Services (DSHS) by January 2005. The Statewide Homeless Point-in-Time Count will be completed in January 2005 by every community in Washington State as required by the federal Department of Housing and Urban Development (HUD). Contact Corine Knudsen, Housing Division, 360.725.2931 or corinek@cted.wa.gov

Mobile Home Landlord-Tenant Act (59.20 RCW) Enforcement -- Manufactured housing community (mobile home park) resident advocates will introduce an enforcement bill in the 2005 legislative session. Current enforcement is only through the court system and many low-income community residents cannot afford to pursue legal remedies. Manufactured housing community owners are opposed to any type of enforcement of the Act. Contact Teri Ramsauer, Office of Manufactured Housing, 360.725.2960 or terir@cted.wa.gov

Lead-Based Paint -- This new state program has made statewide outreach efforts to consumers and professionals, raising awareness on this issue for first time. A series of regional lead-paint poisoning prevention strategy meetings in December and January may result in legislative change requests. Painting interests may try to revive HB 1770 from 2004 to shift lead-based paint liability to rental property owners. Environmental Protection Agency (EPA) award was granted for 2004. Contact Steve Payne, Housing Improvements & Preservation, 360.725.2950 or stevep@cted.wa.gov

Small Business Assistance -- Due to extensive budget reductions taken as a result of the last budget CTED was forced to downsize the small business efforts to a point that many of the services that had been previously provided have not been available. Legislative concerns may arise. Contact Victor Vasquez, Economic Development Division, 360.725.4144 or victorv@cted.wa.gov

Emergency Food Assistance --The utilization of food banks to provide or supplement basic nutrition rose from 6.03 million visits in 2003 to 6.35 visits in 2004, with an average of 5 visits per household. With housing and energy costs rising and a slow economic recovery for many families, the increased demand this winter will strain the capacity of many food banks to meet the need of their communities. Anti-hunger advocates will be lobbying for additional funding to provide emergency food distribution. Contact Susan Eichrodt, Community Services, 360.725.2853 or susane@cted.wa.gov.

Community Action Agency Block Grant -- Designated to provide services to low-income families, the Community Action Agency network is the service provider for many family support services such as housing, food, infant and childcare, medical clinics, legal services, literacy, removing barriers to employment, and so on. This statewide network will be advocating for additional funding of \$3 million dollars. It is likely they will also get a bill introduced that streamlines their data reporting to state agencies. Contact Julie Baker, Community Services, 360.725.2852 or julieb@cted.wa.gov.

Early Childhood Education Program -- The governance of the Early Childhood Education Program (ECEAP) will be an immediate topic of debate this session, regardless of the outcome of the Education Initiative 884. ECEAP is a state version of the federal Head Start program that is provided through contracts with Education Service Districts, Community Colleges, Community Action Agencies, and a few others providers. Its goal is to prepare children and their families with the skills needed for successful kindergarten participation. ECEAP has been a successful and cost effective model as a contracted service. Contact Lynne Shanafelt, Community Services, 360.725.2829 or lynnes@cted.wa.gov.

60 Days

Federal Section 8 Housing Voucher Assistance -- Over 12,000 low-income, elderly and disabled families in Washington are at risk of losing their federal housing assistance if the proposed President's 2005 Section 8 program budget cuts of \$1.6 billion in 2005 and \$4.6 billion by 2009 are passed. Contact Corine Knudsen, Housing Division, 360.725.2931 or corinek@cted.wa.gov

Statewide Economic Development Strategy -- Over the last couple of years there have been many organizations that have been chartered to examine and produce state government strategies that address current and future economic development efforts. CTED has been asked by the Economic Development Commission to produce a statewide economic development strategic plan. A comprehensive statewide economic development plan will take additional resources and approximately 1 year to complete. Contact Deborah Stephens, 360.725.4023 or deborahs@cted.wa.gov.

WorkFirst -- WorkFirst, or Temporary Assistance to Needy Families, e.g. Welfare Reform, was implemented through a partnership of four agencies, including CTED. We hope to continue as part of the WorkFirst system. Our Community Jobs contractors serve participants with multiple barriers to employment, and have successfully placed 7500 of them. CTED coordinates a statewide network of Local Area Planning groups made up of partner agencies and community-based organizations that work together to meet performance targets at the local level. Recent projects to connect WorkFirst and local economic development initiatives have shown great promise. CTED is interested in continuing to play a role in reducing the dependence of families on public welfare. Contact Denny Naughton, CTED WorkFirst, 360.725.4147 or dennyn@cted.wa.gov.

Crime Victim Compensation Program -- Created in 1973, this program ensures that victims of crime would not have to pay for the necessary medical and other costs resulting from being the victim of a crime. The Crime Victims Compensation Program is funded by the Public Safety and Education Account, as well as the federal Victims of Crime Act grant. There is a projected shortfall of \$6 million for services this biennium. Reimbursement rates have been reduced to the extent that some providers will not serve crime victims. Other hospitals and clinics are heavily subsidizing or writing off the costs. Approximately 30% of the victim claimants are being denied. Labor and Industries has indicated they may need to stop reimbursements all together in March. This will leave victims without needed services and jeopardizes our federal STOP grant of \$2.3 million per year. Contact Bev Emery, OCVA, 360.725.2886 or beve@cted.wa.gov.

Low Income Energy Assistance -- Each year approximately 60,000 of the qualified 300,000 low-income households receive assistance to pay their heating bills through a federal Low Income Home Energy Assistance Program. The community contractors offer these benefits until the funds are exhausted in late March to mid-May. However, with the dramatic increase in the cost of fuel and increased rates for electricity, the funds will run out much earlier this year. This will result in more shut-offs and families that give up their housing because they cannot pay utility bills. Families making the choice to use most of their funds to pay heating bills will put pressure on other safety net services such as food banks. Contact Bruce Yasutake at 360.725.2866 or brucey@cted.wa.gov.

Long-Term Care Ombudsman Program -- Due to changing demographics, the number of people in long-term care is increasing, as well as the number of people choosing in-home care. The Long Term Care Ombudsman Program (LTOCP) uses trained volunteers to resolve conflicts and avoid legal actions. The Home Care Quality Authority is advocating the passage of a bill that would extend the LTOCP to include in-home care. Contact Nancy Hanna, Community Services at 360.725.2856 or nancyh@cted.wa.gov.

90 Days

Port Angeles Graving Dock Archaeological Site -- The Washington State Department of Transportation has initiated efforts to replace the eastern half of the Hood Canal Floating Bridge. Now at the end of its lifespan, replacement of this key transportation link faces several challenges including impacts to cultural resources at the Graving Dock Site in Port Angeles. This 22-acre waterfront location is being readied as the site for constructing, and then launching, the massive concrete pontoons to be used for the bridge replacement. Initial excavation work in August 2003 uncovered archaeological and human remains attributed to the Lower Elwha Tribe. Since then, ongoing archaeological work has revealed this location to be significant not only for the artifacts being uncovered, but also culturally sensitive as a result of the many human burials that have come to light. Federal Highway Administration (FHWA) and the U.S. Army Corps of Engineers involvement in the project triggers federal laws protecting archaeological properties and Native American remains. A consultation process required by the National Historic Preservation Act involves the federal agencies, WSDOT, the Tribe, and the State Historic Preservation Officer at CTED. This consultation resulted in execution of a memorandum of agreement amongst the parties in March 2004 that outlines a process guiding archaeological recovery work as well as providing mitigation measures to the Lower Elwha. Since March, discoveries at the site have continued beyond expectations and are driving pressures upon WSDOT to alter project design, timeframes, and mitigation. Contact: Dr. Allyson Brooks, State Historic Preservation Officer (360) 586-3066

Energy Facilities -- EFSEC will be nearing the conclusion of its review of the Wild Horse Wind Power Project in eastern Kittitas County. When complete, EFSEC will send a recommendation to the Governor. The Governor has sixty days to approve or deny the project, or direct EFSEC to reconsider the proposed permit. Also within this timeframe, EFSEC will likely restart review of the more controversial Kittitas Valley Wind Power Project located northwest of Ellensburg – currently on hold until March 2005 at the request of the applicant. Although the Wild Horse Wind Power Project is not as controversial as the Kittitas Valley Wind Power Project, there is a potential that issues surrounding the preemption of the county land use, zoning ordinances, and comprehensive growth management plan could become central to the decision by EFSEC and the Governor. Contact Allen Fiksdal, EFSEC Manager 360-956-2152, allenf@ep.cted.wa.gov

Economic Development -- CTED has the reputation as the state organization that can mobilize quickly and respond to the states emerging economic needs. There are several major highly visible efforts that CTED has been asked to serve as a partner/ participant which include the following:

- The Boeing 7E7 efforts have been very successful and produced the intended result with a substantial investment of CTED staff resources. Currently resources for the 7E7 project coordinator are scheduled to end in June of 2005. CTED will have to respond to the need to continue the same level of service and maintain the intent of the 7E7 charter.
- NASCAR recently announced that Washington would be a sight for location. There may not be community consensus that NASCAR is a welcome venture.
- Prosperity Partnership is the most recent regional effort that was launched within the last couple of weeks. This effort has raised high expectations and has promise to produce positive results. The challenge is that there may be an expectation that CTED fund this effort.

GMA Working Group -- CTED has been meeting over the past two interims with representatives from a variety of interest groups with a strong interest in growth management. This group is tasked with identifying critical growth management issues and developing a set of legislative recommendations that all of the interests at the table can support. One major outstanding issue the group is working on at this time is recommendations regarding the update requirements; especially as they relate to smaller and slower growing communities. The second major outstanding issue is clarification of the requirement to

include best available science in the protection of critical areas. The group may address other issues before session, but these are the two front burner issues. Contact: Leonard Bauer (360) 725-3055

2004 updates to Growth Management Act (GMA) comprehensive plans -- The GMA requires a complete review of comprehensive plans and development regulations every seven years. The complete review for most of western Washington is due on December 1, 2004. Two of the most controversial issues in this round of updates are urban residential densities and the duty to update critical areas ordinances to include best available science. Elected officials are concerned that these two requirements are forcing them to make very unpopular decisions and are concerned that these actions will be the subject of hearings board appeals. It appears that a substantial number of communities will not make the deadline and will still have some portions of their work to be done. The most common outstanding issue is their critical areas ordinance. Since appeals need to be filed to Growth Management Hearings Boards within 60 days of local ordinances' effective dates, CTED may be requesting the Governor's authorization to file appeal(s) in the first quarter of 2005. Please note that jurisdictions that are not in compliance with the GMA may not be eligible for certain state grants and loans. Contact Nancy K. Ousley (360) 725-3003 or Leonard Bauer (360) 725-3055

Agricultural land preservation -- During the last session, CTED was charged with conducting a major study of agricultural land designation practices under the GMA. Finds of the study are due in December 2004 for consideration by the legislature. In addition to the results of the study, there has been significant controversy in Snohomish County regarding what is an appropriate use of agricultural lands and how exactly to preserve them for agricultural use. Some lands have been illegally converted to a sports complex. A legislative change will be required before the county could allow these activities to come in for a permit and this remains a top legislative priority for Snohomish County. There have also been proposals to revert converted wetlands back to their natural state to provide mitigation banking for urban development and transportation projects. This activity also removes designated agricultural lands from production and has generated considerable resistance from the farming community in the county. Contact Nancy K. Ousley (360) 725-3003 or Leonard Bauer (360) 725-3055

Appeals to the Growth Management Hearings Board -- The State is involved in three separate cases challenging portions of Snohomish County's comprehensive plan and development regulations. One case involved the first challenge by the state of a county's countywide planning policies (CWPP). The hearings board found in favor of CTED, but has been reversed on appeal in Thurston County Superior Court. The major issue on appeal was whether the CWPPs could be challenged on the basis of the goals alone. The second case involved the designation of agricultural land in the area known as Island Crossing and some of the comprehensive plan amendments related to sewer extensions. The board found for CTED, but this too is on appeal. The third case was an appeal by DSHS of the county's development regulations regarding group homes for juvenile offenders. This appeal has been set aside to allow for settlement talks between DSHS and the county. CTED is facilitating these discussions. Contact Heather Ballash, Senior Policy Analyst (360) 725-2808

Annexation and Local Government Finance Studies -- CTED is completing a study on annexation issues and barriers to annexation being encountered by local governments; this study was authorized by a budget proviso in the 2004 session and will be submitted to the Legislature in December. Rep. Judy Clibborn was the proponent of the proviso. The study, which covers the six buildable lands counties (King, Snohomish, Pierce, Thurston, Kitsap and Clark), will include recommendations on potential changes to city and county taxing authority which would facilitate the annexation of Urban Growth Area neighborhoods and fund capital improvements in those areas. The Legislature also funded (\$250,000) a more detailed study on local government finance as it relates to the Growth Management Act, which was assigned to OFM. We anticipate that once the annexation study is completed, local government organizations will press the Governor's Office and OFM to move forward on the finance study. Contacts: Heather Ballash (360) 725-2808, Nancy K. Ousley (360) 725-3003--Annexation Study Ron Shultz (360) 902-0676, Local Government Finance Study

Multi-jurisdictional Drug Task Force Peer Reviews -- CTED administers federal Byrne funds that support a variety of state and local drug enforcement and prevention efforts, including 20 multijurisdictional drug task forces throughout the state. The Byrne Advisory Committee has approved a peer review process for all the task forces, and to date five task forces have undergone the peer review. Because there is the potential to identify liabilities in how federal funds are used and high risk, law enforcement operational procedures, the Governor's office may hear from local sheriffs or other elected officials who may dispute the conclusions and recommendations of the peer reviews. If improvements are not accomplished to issues identified in the reviews, the funding for individual task forces could be reduced or eliminated. So far, a review of Wenatchee's task force has resulted in positive changes. Lewis County's task force review is proving to be more controversial. The Washington Association of Sheriffs and Police Chiefs are involved in the reviews. Nancy K. Ousley (360) 725-3003, Paul Perz (360) 725-3025.

Early Childhood Education Program -- The funding level per child FTE has remained the same for the past 5 years, and the number of child FTE's has remained at 5800. Costs, including staff salaries, supplies, utilities, insurance, and rent, have increased. If it appears that the legislature cannot increase funding to the program, it will be necessary to begin a process to reduce the number of children served, most likely by closing the least efficient sites. Contact Lynne Shanafelt at 360.725.2829 or lynnes@cted.wa.gov.

LEGISLATIVE PROPOSALS

Legislative Proposals

The department's legislative priorities fall into one of the four primary themes from our strategic plan, and are critical investments necessary to bolster economic growth and enhance community vitality. These themes are: growing Washington jobs; creating vibrant communities to attract business; supporting healthy, prosperous families; and improving agency accountability and efficiency. The agency has strong stakeholder support for these proposals.

Growing Washington jobs

Community Economic Revitalization Board Funding

The Community Economic Revitalization Board (CERB) provides loans and grants to fund local public infrastructure projects that propel private development and investment in high-wage sectors. CERB-assisted projects consistently demonstrate a significant return on the state's investment. Since 1982, CERB's total investment of \$97 million has helped business and industry create and retain 22,000 jobs and leveraged \$2.3 billion of private investment in facilities and equipment statewide.

Despite its unique investment role, successful record and strong bi-partisan support, CERB lacks a stable revenue stream sufficient to address known demand. On June 30, 2007, CERB's largest short-term funding source expires. Without a reliable replacement funding mechanism, demand for CERB financing will substantially outstrip CERB revenue. CERB will not have sufficient resources to assist public infrastructure projects that serve as a catalyst for business development and job growth.

In addition, this legislation enhances CERB's ability to respond to emerging infrastructure needs driven by state strategies to retain military bases, expand business incubator facilities, and attract substantial urban and rural business development opportunities, provided funds are made available for such purposes. In combination, the new revenue source and enhanced program authority will enable CERB to continue to serve as Washington's "strategic economic development trust fund" and spur economic development in communities across the state.

Agency request legislation sets up a unique formula, grounded in a 2004 Department of Revenue study that compared the relationship between business and occupation taxes generated by businesses benefiting from CERB investments to CERB project spending. The study found the relationship to be an estimated 59.2 cents of business & occupation tax revenue for the average state CERB dollar invested in a public infrastructure project. The proposed legislation would annually transfer to the Public Facilities Construction Loan Revolving Account (CERB account) an amount equal to 59.2 percent of the total amount spent on CERB projects two years prior to the new appropriation. Under this formula, the first transfer would occur July 1, 2005, with the amount appropriated based on total project expenditures ending June 30, 2003.

Supportive stakeholders include: Washington Economic Development Association, Washington Ports Association, Association of General Contractors, and Washington Association of Realtors. The Association of Washington Cities and the Washington Association of Counties have supported past efforts to secure funding for CERB and are expected to assist in this effort as well. The estimated state general fund impact is \$5,856,404 for the 2005-2007 biennium. This includes \$326,000 for staffing (operating budget) and \$5,530,404 (capital budget) for project investments.

Investment interest from the Rural Washington Loan Fund

At the request of the Office of Financial Management accounting office, CTED has drafted legislation that would credit interest earned on Rural Washington Loan Fund repayments back to the loan fund. The interest currently goes into the loan fund; this legislative change merely formalizes the practice, and

makes it consistent with federal rules, which explicitly require that interest income on these loan repayments be used solely for lending from the fund. The Rural Washington Loan Fund Board supports this change; Housing & Urban Development Fund staff will support when asked.

Disposal of property

CTED is asking for the authority to directly dispose of assets received due to foreclosures or defaults involving loans through one of the department's several economic development-lending programs. Currently, General Administration has the authority – except in certain circumstances – to dispose of real property. CTED maintains and manages a portfolio of nearly \$40 million in outstanding loans and over 80 active loans. The department's business loan portfolio staff is familiar with the properties and is in the strongest position to preserve or make these assets available for use by businesses that may wish to use the same facilities and are willing to lease or buy them from CTED. Granting CTED this exemption from General Administration procedures would eliminate duplicative efforts and put the asset back into play quickly to allow for future reinvestment. The proposed legislation has no fiscal impact. The department is working with General Administration to explore options to legislation.

Improving accountability and efficiency

Housing Trust Fund and Affordable Housing Program administrative cap increases

Adequate resources are required to protect the State's long-term investments in affordable housing. Washington State's current Housing Trust Fund (HTF) investment portfolio includes more than \$390 million with over 930 projects and more than 25,000 units of affordable housing. An estimated 65 new projects are added to the portfolio every year.

CTED is asking to increase the Housing Trust Fund administrative cap from 4% to 5% to ensure the state's housing investment is protected through critical inspections and technical assistance. This proposal has no fiscal impact on the state General Fund or Capital budgets, and is wholeheartedly supported by stakeholders, which include housing developers, housing providers, and low-income housing advocates.

Changing the Mobile Home Relocation assistance amount from RCW to WAC

The reimbursement limits set in the Mobile Home Relocation Assistance Act (RCW 59.21) were established in 1998 and are inadequate to cover the costs associated with mobile home relocation in 2004. This legislation seeks to remove the assistance limits from RCW and place the limits in Washington Administrative Code, Chapter 365-212 (Manufactured Housing Relocation). The rule was not in place when the legislation was passed, and it is appropriate to create flexibility through rule to enable the department to meet emerging assistance needs.

This legislation has no fiscal impact, since revenue to the assistance fund is received from a \$100 fee paid by the home purchaser when a home is bought or sold in a manufactured housing community/mobile home park. Amounts determined by WAC will not exceed the fund balances and no homeowner will be denied assistance based upon the increased limits.

By way of background, the department continues to hear from mobile home owners that the costs for relocating homes have increased, with no subsequent assistance increase, forcing some owners to abandon their homes. This is not only a problem for the homeowner, but creates an unnecessary and costly problem for the property owner and, often, the local government where the abandoned mobile home is located. Stakeholder groups, including the Manufactured Housing Communities of Washington, Mobile Home Owners of America, Northwest Justice Project, Columbia Legal Services, and the Washington Manufactured Housing Association, endorse this legislation.