
**Community & Economic
Development & Trade Committee**

2SSB 5092

Brief Description: Revising provisions for contracts with associate development organizations for economic development services.

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

Brief Summary of Second Substitute Bill

- Updates the duties of Associate Development Organizations (ADOs).
- Provides accountability provisions for ADOs under contract with the Department of Community, Trade and Economic Development.
- Provides a funding formula for ADOs located in urban and rural counties.

Hearing Date: 3/21/07

Staff: Tracey Taylor (786-7196).

Background:

Associate Development Organizations (ADOs) are under contract with the state to provide economic development services in the communities they represent. In most areas, they are known as Economic Development Councils or EDCs. There are currently 39 ADOs providing economic development services in Washington under contract with the Department of Community, Trade and Economic Development (DCTED).

Summary of Bill:

Current statutory language is updated to reflect changes in the economic development landscape. This includes eliminating the directive that the DCTED contract not only with county designated ADOs, but also other local organizations. The DCTED is also directed to consult with local

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governments, higher education institutions, workforce development councils, labor groups, and other appropriate groups regarding the establishment of an economic development delivery system.

The ADOs are responsible for developing a county-wide economic development plan consistent with the state comprehensive plan for economic development developed by the Washington Economic Development Commission. In addition, the ADOs must provide an inventory of sites available for development, and assist in site location and selection. The ADOs must collect and maintain demographic, labor market, and other useful data. Also, the ADOs will provide directly or coordinate the delivery of, permit assistance and information to businesses seeking to locate or expand in the county. Further, the ADOs are tasked with marketing the county and state as excellent locations to expand or locate a business.

In addition, the ADOs must identify gaps in the delivery of business start-up assistance and coordinate efforts with local small business development centers (SBDCs) and other assistance providers to fill those gaps. The ADOs shall provide business retention and expansion services. Also, the ADOs must partner with local governments, workforce development organizations, port districts, export assistance providers, local colleges and universities, the Washington State Quality Award Council, Washington Manufacturing Services, and SBDCs to facilitate the alignment of planning efforts and the seamless delivery of business support services in the county. Finally, the ADOs must participate in region-wide economic development planning and research.

Any ADO under contract with the DCTED that applies for the Washington State Quality Award or its equivalent shall receive a \$10,000 award; however, an ADO cannot receive the award more than once every three years.

An ADO must submit an annual report to the DCTED. This report must include employment, wages, tax revenue, and capital investment data. This report is due by December 31 each year.

The DCTED and an ADO will develop specific performance measures, with direction provided by the Economic Development Commission, as part of the biennial contracting process. Once the DCTED and an ADO agree on specific target levels, an annual comparison of the actual performance and the targets shall be conducted. Failure to achieve targets in more than one-half of the agreed measures triggers a remediation plan to address these performance gaps. If an ADO fails to achieve the agreed upon progress in the remediation plan, the ADO's contracts and state funding shall be terminated for one year. The ADO must reorganize or take other steps to address the issues and may reapply for a contract after a one-year waiting period.

A funding formula is established for urban and rural ADOs. If an ADO is located in an urban county, they may receive a locally matched \$0.90 per capita allocation, up to \$300,000 per organization, per year. If an ADO is located in a rural county, they may receive a base allocation of \$40,000 plus a locally matched \$0.90 per capita allocation.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.