

# WENATCHEE

## A High Performance Community Strategy

The 1990's have been an era of change in the Wenatchee area. While the fruit industry remains a dominant force it has lost some of its relative importance in the face of foreign competition and ever-changing consumer tastes.

The manufacturing sector has experienced its share of ups and downs but companies such as Alcoa and Pacific Aerospace and Electronics account for substantial employment in skilled, higher-wage occupations.

North Central Washington's natural beauty, climate, recreational amenities and relaxed life-style continue to attract many people – both as tourists and as residents. This population growth has energized the Valley's growing role as a regional center for retail shopping and health care services. A growing Hispanic population is creating new opportunities and community challenges and a heightened cultural vibrancy.

An emerging information technology business community connected to a state-of-the-art broadband telecommunications infrastructure holds considerable promise for low-impact growth and development.

At the start of the 21st century the City of Wenatchee, the Port of Chelan County and Quest for Economic Development initiated an economic assessment and development strategy with the Denver-based Center for the New West.

Using the Center's High Performance Community initiative as a framework hundreds of people in Wenatchee and the surrounding area participated in a series of community, small group and individual meetings to talk about the future.

Four major themes emerged as foremost elements of a vision of the future for the Wenatchee area during the strategy development process.

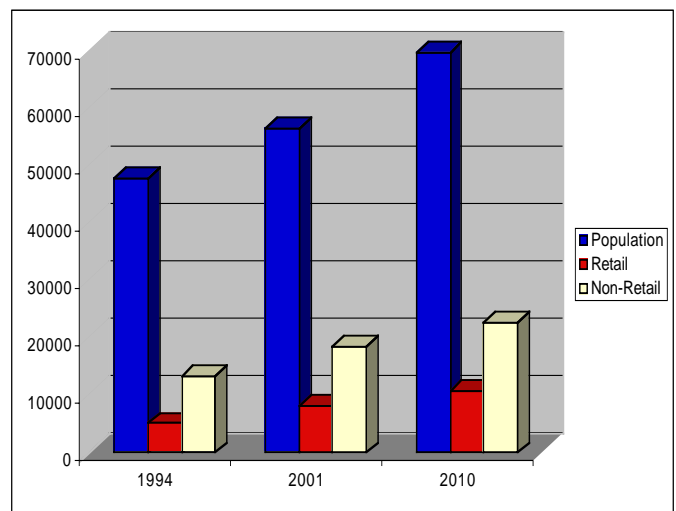
- **Jobs with higher earnings.**
- **Preservation of the quality of life.**
- **Diversification of the economy.**
- **Improved coordination & processes of civic and government sectors**

This report discusses a strategy for the Wenatchee area to work together to create opportunities that will realize these goals. A strategy that is **forward looking, capacity building, results-oriented and resilient – that is, focused but dynamic.**

### INSIDE

Wenatchee in a Changing Economic Landscape .....	p. 2
The Strategy Context .....	p. 3
Economic Performance in the 90's .....	p. 4
Wenatchee's High Performance Strategy .....	p. 7
High Performance Community Economic Development Index .....	p. 8
High Performance Development Strategies	
Competitiveness.....	p. 9
Livability .....	p. 13
Regional Collaboration .....	p. 14

**The Wenatchee area's growth will continue in the first decade of the century**



Source: Wenatchee Area Transportation Study

# Wenatchee in a Changing Economic Landscape

Wenatchee's economic landscape is far different than that which the first Native Americans and settlers confronted. Land was the basic productive resource that brought the first inhabitants and the economic legacy of the region is built on the fruits of this bounty and the ability to harness the power of the waters. But now ideas, information and skills are the resources that give people and companies a competitive edge – even those in agriculture.



Capital – the catalyst in any entrepreneurial process – must be available to invest in people as well as the hard assets that have traditionally received debt financing. Combining the factors of talent, knowhow, ideas and capital will be the key to economic growth in tomorrow's economy.

A strong rate of business formation and growth is essential to any healthy economy, providing the primary sources of innovation and new job creation. So it is now more important than ever that the Wenatchee area provide the infrastructure, resources and quality of life that appeal to those choosing entrepreneurial career paths.



## The conditions for success are favorable in Wenatchee.

Telecommunications networks – the new pathways to markets and know-how – are being put in place.

Wenatchee's residents and leaders are eager to help start and grow businesses, particularly in industries where they feel the community has a distinct advantage based on such things as the work force, opportunities for networking with existing industries or knowhow from the local college and regional universities.

Quality of life - a definite asset in the Wenatchee area - is a key factor of competitive advantage because many skilled workers can live anywhere they choose. Wenatchee has much to offer with an outdoor recreation and amenities package found in few places. An attractive, multiuse downtown adds to the valley's growing importance as a regional center for retail shopping and health care and professional services.

Today, and increasingly in the future, many of the innovations leading to successful business ventures will be less the product of individual firms than of the assembled resources, knowledge, and other inputs and capabilities that can be mobilized in specific places.

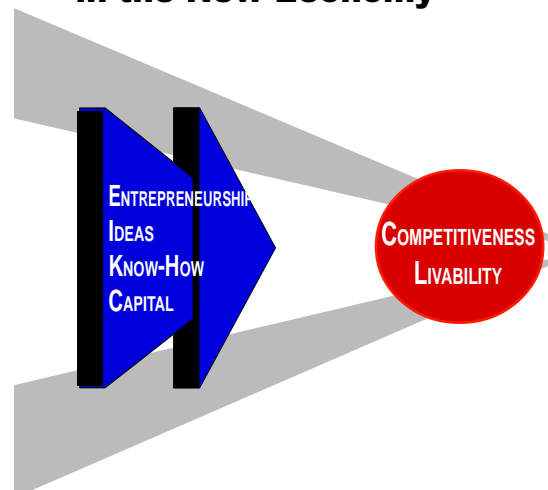
That's why collaboration among private and public organizations is necessary to provide the infrastructure, resources and coordinated action that will enable individuals, companies and networks of businesses to compete in the new economic environment.

Elements of this key infrastructure include research expertise and facilities, education and training for workers and leaders, technology adoption/adaptation, capital, transportation and communication systems.

Worldwide competition for advantages that result in economic development will certainly increase in scope and sophistication in the coming years. Yet, the disappearance of borders and the transformation to a knowledge-based economy represents fresh and exciting opportunities for areas like Wenatchee. Why? Because economic activity in places is, now more than ever, dependent on how the people who live there choose to compete and participate in the global economy rather than on what they have been in the past.

*A world of change is a world of opportunity.*

## High Performance Communities in the New Economy



# The Strategy Context

## The New West

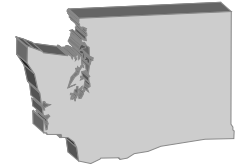
The Center for the New West's High Performance Community initiative served as a framework for developing the strategy.

A High Performance Community is a place where the public, civic and enterprise sectors work; a community where individuals, companies, non-governmental and government organizations are enabled to be **fast, flexible, focused, networked and global** – the hallmarks of a New Economy enterprise and a New Economy community.

A High Performance Community can be an individual town or city, a county, an urban neighborhood, a regional or multi-community group. The key is to assemble a group of motivated people with a common interest in building a competitive and livable community for the New Economy.

The elements of a High Performance action strategy include the following:

1. Rapid deployment of modern **telecomputing capacity**.
2. Promotion of **entrepreneurship** in private and public sectors.
3. **Job growth from within** and a focus on higher-wage technology and information industries in manufacturing and services.
4. Awareness, interest and participation in the **global** market place.
5. An economic development **focus on industry clusters** that build on local interests, resources and competitive advantages.
6. Interfirm **collaboration and networking** with outside resources.
7. Cultivation of **civic institutions and regional collaboration**.



## Washington State

The State of Washington recently completed a "Strategic Framework for Statewide Economic Vitality."

Economic vitality is viewed as a term that encompasses a broader set of issues than those typically addressed in discussions about economic development and global competitiveness.

The State's strategic framework is founded on guiding principles that are consistent with considerations of the Wenatchee strategy process.

- **Focus.** Limited resources make it essential to prioritize and target efforts so that efforts have a meaningful impact.
- Wise investments of **human, physical and financial assets**.
- **Public-private partnerships** to enhance capacity.
- **Staged task implementation** to distribute the work realistically and to create early wins that will in turn create momentum.
- **Retention of in-state, homegrown businesses.**
- **Quality of life** as a critical area of competitive advantage.
- **Economic and environmental objectives as interdependent.**
- **Elimination of roadblocks and impediments** to economic vitality in booming and struggling sectors.

***If the strategy is right the world will be your market.***

Koichi Ohmae

Global business strategist

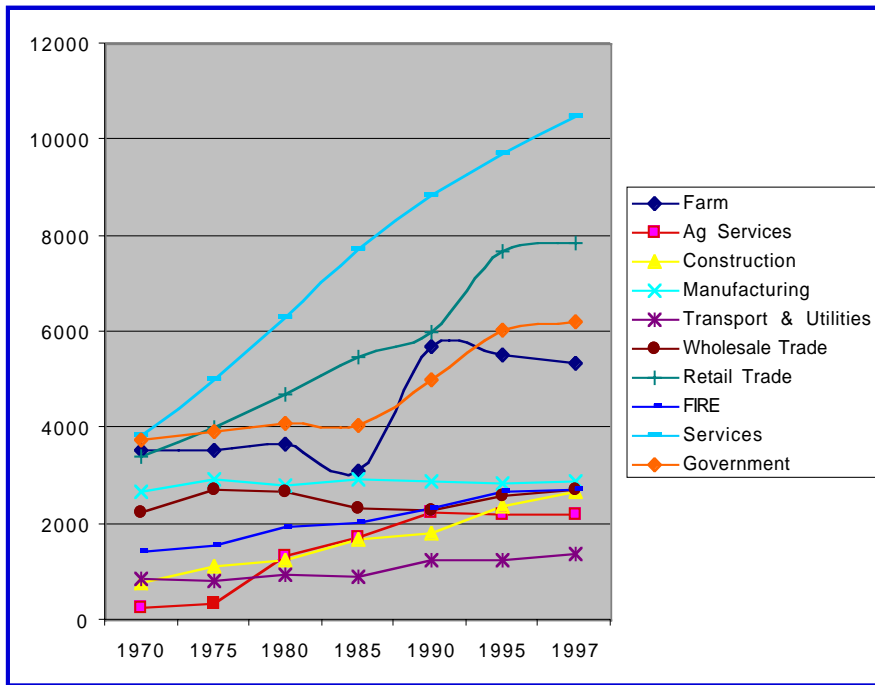


Center for the New West

# Economic Performance in the 1990's

The Wenatchee area has experienced considerable growth in employment in the last few decades. Notable growth sectors include services, retail trade and government in Chelan County. Farm employment has declined since the early nineties but has been offset somewhat by growth in agriculture services.

Industry sector composition changes relative to the national scene show some interesting features of Chelan and Douglas Counties. Although the number of employees in service jobs has shown the most increase in Chelan County the county's growth in this sector is slower than that for the nation. Construction, on the other hand, is outperforming national growth at significant levels in both Chelan and Douglas Counties.

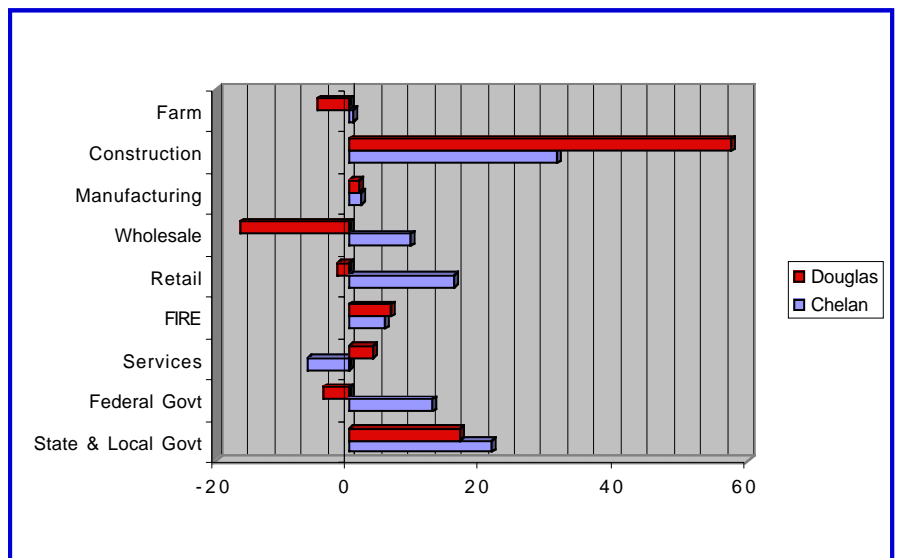


Chelan County's employment growth since the 1970's has been significant with total employment doubling - from 22,830 in 1970 to 44,394 in 1997

Full and Part-Time Employment by Major Industry in Chelan County, 1970-97.

Northcentral Washington outperformed the national economy in several sectors from 1990-1997.

Chelan County employment in construction, for example, grew an additional 31% and Douglas County employment in construction grew an additional 57% - when compared to the national growth rate.



Regional Shift Share Analysis 1990 - 1997: Chelan & Douglas Counties Local Share of National Employment Captured Locally

# Economic Performance in the 1990's



Fruit production is shifting into Yakima Valley and Columbia Basin

#### Current Industry Structure

- Hobby Orchardists
- Family orchards
- Vertically integrated companies

### Apple Orchards in Chelan County: 1987, 1992 & 1997

	<u>1987</u>	<u>1992</u>	<u>1997</u>	<u>% Change 87-97</u>
<b>#</b>	993	826	690	- 31%
<b>Acres</b>	19,151	17,825	17,096	- 11%
<b>Average</b>	19.3	21.6	24.8	29%

Tree fruit production, indeed the entire agri-food complex, in Northcentral Washington is undergoing tremendous change. These changes are fundamental and will significantly alter the economic future of the area. Washington apple production decreased by 31 percent in 1999. Nevertheless, this industry remains an important part of the regional economy with over 85,000 jobs attributable to food processing and agricultural employment in the North Central State Agricultural Area of Washington State.

The area's preeminence in the fruit industry is reflected in the fact that Stemilt Management, headquartered in Wenatchee, is ranked the #1 grower in the country with total fruit acreage of over 7,000 acres in apples, apricots, cherries, grapes, nectarines, peaches and pears.

The Wenatchee area's claim as the "Apple Capital of the World" reflects more than economic value. The agricultural practices, technologies and life-style are deeply ingrained in the psyche and culture of the people. The visual imagery of the orchards contributes greatly to the area's bucolic flavor and aesthetic beauty.

Tourism is one of the economic foundations in the Wenatchee area. Equally important the amenities, recreational opportunities and natural features that draw tourists are also the reason that many people have chosen the area as their residence. As one participant in the planning process commented, "People are here because they have chosen to live here," implying that a job or business prospect is not the deciding factor for most residents. The feature most often cited as the deciding factor in moving to the Wenatchee area is Mission Ridge Ski area.

#### Total Travel Impacts in Chelan County

- \$210 million spending in 1998, up from \$160 million in 1993
- \$4 million in local taxes & \$12.9 million in state taxes in 1998
- 3,790 jobs generated

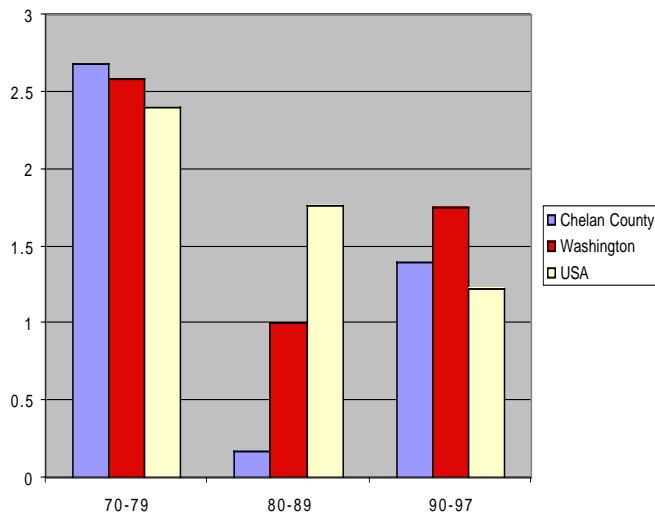
#### Mission Ridge Ski Resort

- Direct impact of \$6 million in local sales including \$2.3 million
- Total direct and indirect impact of \$12 million in the area
- 118 jobs generated including 54 at MR

**T  
O  
U  
R  
I  
S  
M**

Mission Ridge is a key element of the area's quality of life package & often "the deciding factor" in recruitment of professional, technical and managerial talent

# Economic Performance in the 1990's



## Real per capita income growth in Chelan County

- exceeded the nation and state in the 70's
- trailed the state and nation in the 80's
- trailed the state and exceeded the nation in the 90's

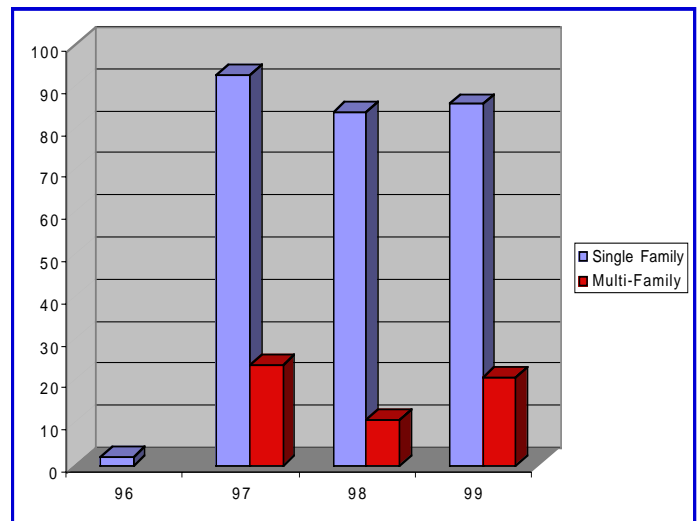
Growing real per capita income is a bottom-line measure of a wealth-creating, competitive economy. Growth of the average annual wage is an indicator of job quality. In 1998, the average annual wage in Chelan County was 63% of the Washington state average.

# HOUSING

Housing availability, quality and affordability have become important factors in the economic development of communities and regions. The affordability, variety and location of housing affect a region's ability to maintain a viable economy and high quality of life. Lack of affordable housing in a region encourages longer commutes, which diminish productivity, curtail family time and increase traffic congestion. Lack of affordable rental housing can cause unsafe occupancy levels and household stress.

Recently, Wenatchee has experienced an increase in the number of building permits issued for single and multifamily housing units. As noted below, the percentage of renters in Wenatchee unable to afford the fair market value rent (FMR) is higher than that for Washington state.

## Building Permits Issued: 1996-1999 # Single Family & Multi-Family Units in Wenatchee



	Washington	Chelan County
<b>FMR 1 Bdrm</b>	<b>\$511</b>	<b>\$377</b>
<b>FMR 2 Bdrm</b>	<b>\$648</b>	<b>\$490</b>
<b>Unable to afford 1Bdrm FMR</b>	<b>31%</b>	<b>38%</b>
<b>Unable to afford 2Bdrm FMR</b>	<b>37%</b>	<b>45%</b>

# Wenatchee's High Performance Strategy

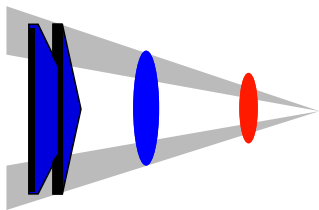
## What is a High Performance Strategy?

The High Performance Communities vision for communities is to mobilize community leadership to create good jobs at good wages, cultivate a culture based on entrepreneurship and innovation, and provide a robust civic order and a user-friendly government that responds to citizen direction.

Because communities can no longer afford to wait for development, the approach is designed to help local development groups act more like a venture capital firm. By being proactive and by making investments in information age infrastructure like telecommunications, transportation and education, communities can create the technology and information companies that will provide living wage jobs for their residents.

By organizing and deploying a team(s) that is familiar with target industries, communities will work more effectively with entrepreneurs and companies. By targeting their efforts, communities will better utilize their scarce resources, build on their strongest assets, and put outside resources to work more effectively.

In our global economy, reaching out and networking with outside resources will be increasingly critical to ensuring a local economy's flexibility and continued prosperity.



## Is Wenatchee a High Performance Community Today?

The Index on the following page provides an overview of how Wenatchee fares along 14 key characteristics and development actions which represent significant elements of the seven high-performance principles.

The Wenatchee High Performance Index suggests progress in some key areas. Overall, the index shows that the area has just begun to initiate the actions and make the investments that are needed to enable individuals, companies, civic organizations and government organizations to be **fast, flexible, focused, networked and global**.

The primary impetus for the initiation of the economic strategy process is undoubtedly the recognition of structural changes in the fruit industry and uncertainty about what the future consequences might be for the local economy. A plateau in 1999 sales tax receipts has also pushed economic development to the forefront of the city's agenda.

## Toward a High Performance Future

Quest for Economic Development leads the region's economic development efforts. Quest is a private, nonprofit company organized for the purpose of promoting diversified economic and cultural development while maintaining the environment in North Central Washington.

Quest works in partnership with numerous organizations and agencies representing governmental jurisdictions, nonprofit associations and groups and the private sector. Quest is funded through private contributions, state and federal support, contracts for services and various fees. Quest's efforts are focused largely on two key areas: business recruitment and business assistance. General community sentiment, as learned throughout the planning process, is that Quest's activities in recruitment have not proven successful. Business assistance activities, which probably account for 60% of Quest's total effort, are largely unrecognized.

People in the area are eager for action but want to know what direction to go in and what investments to make in pursuit of a new economic base. As a point of departure, the Wenatchee Economic Development Strategy was developed using the 7 action elements of the High Performance Community initiative as a framework.

## Challenges from the Outset

**Labor Force** - as with many localities, skilled and trained workers are in short supply particularly in technical and information technology occupations

**Serviced Industrial Sites** - are in short supply and compared to other communities high in cost

**Transportation** - will remain an impediment due to Wenatchee's relatively remote location and lack of 4-lane highway access and jet service

**Team-based efforts** - have historically been difficult to organize and implement in the community, creating a definite leadership disadvantage for the community

**Reluctance to anticipate and invest in the future** - planning has "generally" not been looked upon favorably and taxation as a method for investing in infrastructure such as roads or services such as education is viewed negatively.

**Transition to regional, i.e. metropolitan planning and governance** - will require coming to the realization that Wenatchee's days as a small town are gone and that some issues and problems truly cross jurisdictions

**Vision and identity** - at least an accepted, unified vision and identity has not been articulated in the community making it difficult to marshal resources, commitments of people and resources and to reach out to potential, target prospects

# Wenatchee's High Performance Economic Development Index

The High-Performance Community Index is a selection of characteristics and development actions which represent significant elements of the seven high-performance principles.

	Aware of Need/ No Action	Action Started	Action Underway/ Progress Evident	Already Strong & Improving
Development strategies that focus on working with local entrepreneurs to penetrate higher-value markets and create higher-wage jobs.	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input checked="" type="checkbox"/> 4	<input type="checkbox"/> 5
A culture of entrepreneurship that recognizes and rewards new ideas and innovation.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A "community forum" process that enables civic leaders and citizens to meet and address issues, solve problems, or think about the future.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leadership training that builds critical mass for the future.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Target industry clusters identified that build on local competitive advantages, skills and resources.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Linkages between business and research, education and training institutions to upgrade jobs, adopt new technology, and enhance skills.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
An information technology forum (or equivalent body) capable of providing planning, marketing, training and coordination in the use of telecomputing technologies.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local/regional international trade initiatives that build global connections.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to high-speed, broadband, interactive telecomputing technologies that support electronic exchange of data and information, including local dial-up to the Internet.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
User-friendly, customer-focused government, responsive to citizen direction.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
International trade know-how and market intelligence resources available .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local/regional firms networked and interacting with other firms through cooperation and competition.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public and private sector participation in multi-community or regional efforts.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Management, marketing, financial and technical resources available for businesses throughout the life-cycle, particularly for startups.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Wenatchee's HPC Score = 46  
 Date June 2000  
 Maximum HPC Score = 70

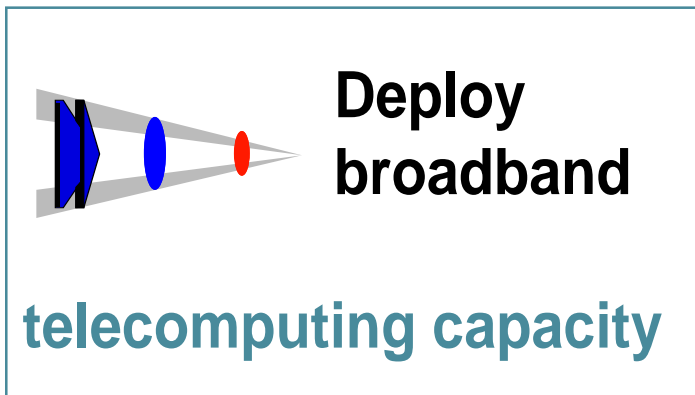
## What Wenatchee's HPC Index Score Means

The maximum score that can be obtained using the High-Performance Community rating system is 70, approximately 10 points for each of the seven high-performance principles.

### Scores of 48 through 35

Your community may be doing fine in one or several of the high-performance areas but needs to take a look at the total picture. Becoming a high performance community means taking a new look at how your community fits into the global economy and how it functions in the three sectors - public, civic and enterprise.





Telecommunications and information industries have advanced from a modest role in support of an industrial economy to that of essential infrastructure for the information economy.

The Commerce Department and the Center for Research in Electronic Commerce at the University of Texas (UT) recently released studies showing that information technology-related companies have turbocharged US productivity and created high-wage jobs for US workers. Moreover, Internet-related companies contributed more than \$500 billion to the US economy, growing more than 60 percent year over year.

A recent Price Waterhouse Cooper survey projected that the United States will need an additional 1.3 million core Information Technology (IT) workers by the year 2006. If this shortage of IT-workers persists it could impact economic growth. The technology businesses experiencing the shortage are growth standouts with an average revenue gain of 25.2 percent in 1998, compared to 14.7 percent for other companies.

The Information Technology sector represents a highly suitable and desirable opportunity for the Wenatchee area given its distance from larger metropolitan areas, the relatively high cost of land and shortage of serviced industrial properties.

The Wenatchee area offers redundant fiber optic telecommunication services through GTE, Sprint, MCI, ELI and Touch America connected through a sonet ring that virtually guarantees no down time. Microwave telecommunications in increments equal to twelve DS3's (one DS3 = 28 T1's) are also available. The Chelan PUD will soon make excess fiber capacity available to users in the area.

***“Bandwidth is not the problem here, (skilled) people are.”***

local technology entrepreneur

In order to effectively exploit the competitive advantages of the Wenatchee area's rich complement of broadband telecommunication services the following strategies and action steps are recommended.

### Strategy Recommendation #1:

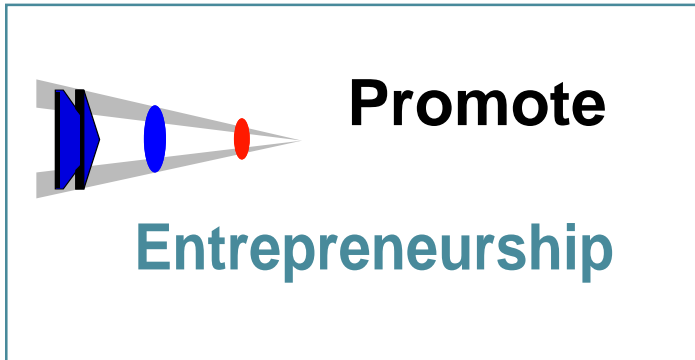
Build and sustain work force education and training capacity that teaches and/or updates computer and information technology skills, including:

- Wenatchee Valley's Computer Technology and Systems Program and 2+2 programs leading to four year degrees
- North Central Washington Educational Service District Skill/Technology Center
- Wenatchee Public School District computer and technology programs
- PENTAD Private Industry Council training programs in computer systems and LANs that build the capacity of administrative and mid-management personnel
- Training services provided by private business service companies

### Strategy Recommendation #2

Provide access to the growing Hispanic community and others for whom the “digital divide” is a reality by equipping a community center in South Wenatchee with advanced telecomputing capabilities.





Small and medium-sized enterprise (SMEs) are important to communities because they have the greatest economic impact. Small and medium-size businesses now

- Create most new jobs, in fact about 70 to 80% of all new jobs.
- Create the most new products.
- Export more than large companies
- 70% of high-tech companies have 20 or fewer employees.

We are living in what some have called the "golden age of entrepreneurship." SMEs and small office, home office (SOHO) enterprises are now major job creators. So it is now more important than ever that communities like Wenatchee provide the infrastructure, resources and quality of life that appeal to those who are choosing entrepreneurial career paths. Retooling Wenatchee's economic development effort to facilitate the creation and growth of SMEs and SOHOs will position the community to benefit from the greatest source of economic opportunity in the next decade.

The Wenatchee area has various local and regional resources available to the small business community, including:

- Quest's Small Business Development Center
- The Wenatchee Chamber of Commerce
- Business courses and training at the Wenatchee Valley College
- SCORE
- The Columbia River Kitchen

The Wenatchee Business Journal is also a real plus for the area, providing the business community and others in government and the general public with monthly issues that track new and ongoing developments and issues of importance to the business community.

### Strategy Recommendation #3:

Create a one-stop business center to improve the delivery of services to the small business community.

As an interim step to a single location for service providers, assemble a small business directory that provides timely and up to date information about services and resources available in the community.

### Strategy Recommendation #4:

Deploy NxLevel Entrepreneur training programs for business start-ups, agriculture/food specialty companies, micro-enterprises, youth entrepreneurs.

Spanish versions of these training programs should be made available to Hispanic entrepreneurs.

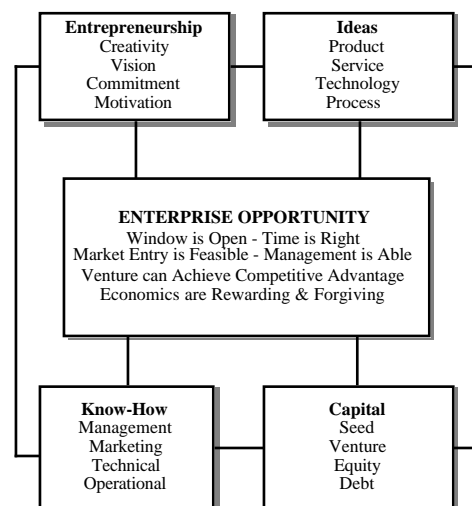
### Strategy Recommendation #5:

Pursue the recommendation of the SCORE incubator study team "to further quantify the community's need, expected payoff and degree of community support" for one or more incubators.

A Hispanic Community Center in South Wenatchee with space for small businesses, meeting space for business assistance providers, telecommunication facilities, and possibly child care for entrepreneurs located in the facility.

A mixed function facility, an e-commerce incubator or a virtual, i.e. subsidized bandwidth, incubator.

**Strategy in Motion:** A High Performance Enterprise Team has already been formed and is working on strategies 3 & 4.



Economists define clusters as concentrations of interrelated industries that are located in a specific community, region, or state. For example: the Northcentral Washington tree fruit industry is a cluster of growers, packers, shippers, service providers, researchers, financiers and equipment manufacturers.

Private companies are at the core of industry clusters, but successful clusters also include a network of supporting organizations that help create a climate for successful business competition: universities and research institutions, banks and specialized financial institutions, consulting services, technology creators and so on.

Clusters exist to varying degrees in local economies. In Wenatchee the tree fruit cluster is undoubtedly the longest-standing cluster and its tremendous success is due to its ability to act like a cluster. Health care services and manufacturing related to metal making and metal fabrication are sectors that also hold many of the characteristics of a cluster.

From an economic development perspective, clusters have been proven to be highly effective investments. Moving away from the single-firm model, services are provided to several firms at the same time and local financial institutions come to understand the industry, thereby enabling more sound decisions regarding investments.

Studies of the outcomes of cluster-based development indicate that worker skills are raised and wages are higher in clusters.

An emerging cluster in the Wenatchee area is in the information technology industry. Formative meetings of the cluster have taken place under the auspices of the Greater Wenatchee Area Technology Alliance.

“Cluster-based economic development is the way to build a competitive regional economy. In today’s economic environment, isolated firms are increasingly unable to achieve the necessary advantages to penetrate new markets and sustain market share in traditional markets. Instead, the path to competitiveness is found in creating linkages between buyers and suppliers, growing shared resources between complementary firms that cooperate even while competing, and acquiring specialized inputs from responsive public and private organizations that supply workers, technology, physical infrastructure, quality of life, and regulations.”

DRI/McGraw-Hill, The Economic Competitiveness Group. 1996. *America’s Clusters” Experiences and Lessons Learned.* United States Department of Commerce. Economic Development Administration. Washington, DC

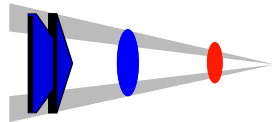


#### **Strategy Recommendation #6:**

Develop an Internet/information technology cluster in the Wenatchee area.

Key elements of this cluster initiative are as follows:

- 1) Organize the cluster team and define the opportunity.
- 2) Scope the existing and potential cluster composition of local companies and entrepreneurs, as well as local specialized support services in finance, education and training. Plan for building capacity in specialized support organizations.
- 3) Form, organize and capitalize an equity capital fund that focuses on investments in internet and information technology companies.
- 4) Recruit companies and/or individual entrepreneurs that complement the composition of the cluster and fit the most likely prospects profile, i.e. those “who rely on broadband communications capability and relatively good access to the Seattle area, and value outdoor recreation opportunities.”
- 5) Develop an identity/marketing piece focused on this industry. Use this effort to test drive a “brand identity” for the area.
- 6) Hold a conference, forum or other event that brings people in the industry from outside Wenatchee to the community to inform them of the opportunities available in the community and to expose them to the quality of life and amenities in the area.



**Develop  
from within**

**Add information &  
technology**

Promote job growth from within the community (expansion and retention) because most jobs will be created by locally owned enterprises. Encourage relocation only when the enterprise “fits” a favored industry cluster.

According to studies by David Birch, most jobs are created within a community by locally-owned companies:

- about 55% of the jobs are created by the expansion of existing companies.
- about 45% are created by new start-ups.
- less than 1% of the new jobs are generating by companies relocating from outside the community.

It's far easier and more cost effective to build on the momentum of an existing local industry than it is to start afresh with each new prospect.

## Building a Geography of Technology Success

- ✓ **Presence of pioneer technology firms.**
- ✓ **Research activity & idea generation.**
- ✓ **Training for technical workers.**
- ✓ **Quality education & transportation infrastructure.**
- ✓ **Quality of life appealing to knowledge workers –skilled workers, professionals and entrepreneurs.**
- ✓ **Equity capital.**
- ✓ **Critical mass of information & technology that fosters further innovation.**

Many of the strategies recommended in other sections focus on development from within, e.g. a one-stop business center, one or more business incubators, cluster industry development, etc. The strategies proposed here focus on economic opportunities in specific industry sectors already here that are already thriving.

### Strategy Recommendation #7:

Implement an opportunity assessment initiative to identify upstream, downstream and spin-off business opportunities and other economic activities, e.g. research, that may exist in companies, institutions or organizations already in the community.

Examples include:

- Health care services, medical research and technologies
- Aviation services and aerospace manufacturing
- Education and training services

### Strategy Recommendation #8:

Refocus current industrial recruitment efforts on those that build on local networks and relationships.

- Former graduates of area high schools
- Connections and relationships of local firms and institutions, e.g. GTE, Pacific Aerospace and Electronics
- Entrepreneurs and companies related to the information technology cluster initiative.

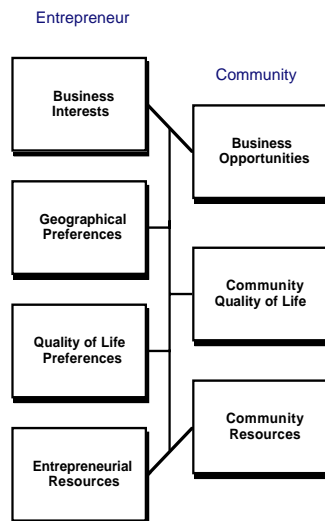


# High Performance Strategies Livability

Quality of life has become a part of the economic development tool box with the same force and utility as any financial incentive. Although quality of life is a somewhat subjective concept its importance in the decision-making process of individual entrepreneurs and CEOs of Fortune 500 companies has never been greater. Since most people in business today are highly mobile and educated they are exposed to the life-style, look and feel of numerous communities. The result is that they have become increasingly discerning consumers of locations for both business and residential purposes.

Wenatchee's natural beauty, climate, recreational amenities and relaxed life-style provide are formidable assets in the quality of life wars. Mission Ridge Ski Area is a unique community asset that often proves to be the deciding factor in recruitment of professional, technical and managerial talent.

High among the factors considered by both mobile professionals and footloose companies is the quality of health care and education. Wenatchee's health care services now serve a large regional patient base. Wenatchee's K-12 education system gets high marks for student outcomes but needs greater financial support from the community to improve and expand its physical infrastructure.



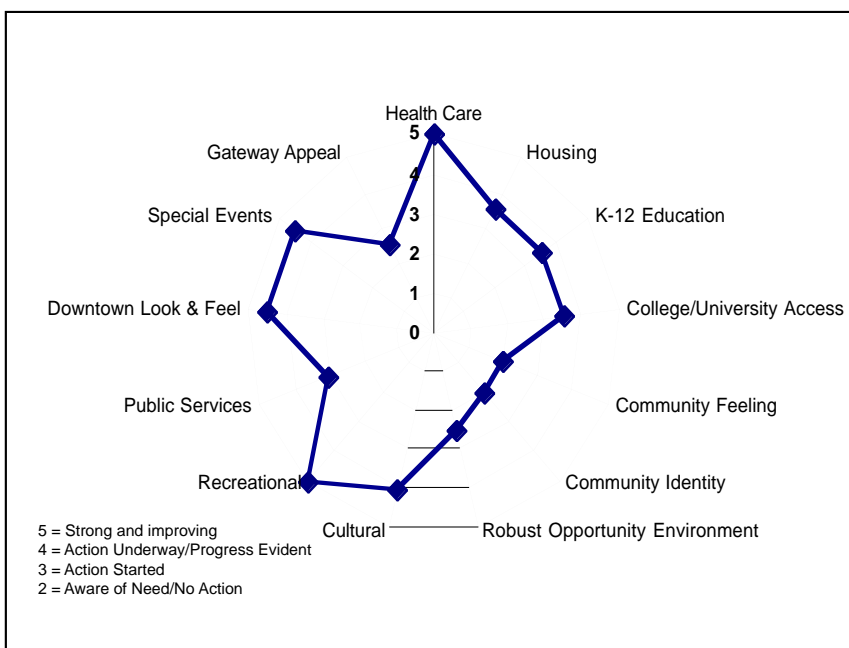
The downtown, under the guiding hand of the Wenatchee Downtown Association, is evolving into a vibrant mixed use area including retail, housing, commercial, office and service as well as cultural activities and public services. A community's look and feel weighs heavily in the locational decision-making of many and a downtown with character and activity is an important element. Art on the Avenues, an ongoing renovation effort and its proximity to the Columbia River make the downtown a key element in the city's appeal to future customers, tenants and visitors. The convention center and performing arts center contribute greatly to the downtown's appeal.

### Strategy Recommendation #9:

Animate the downtown and Columbia River areas with commercial, housing, recreational and cultural activities that will bring people to these areas.

- Investment in the downtown and river area to make it more pedestrian-oriented will generate increased retail sales tax in the long run. Funding mechanisms such as an LID or PDA should be explored to accomplish these improvements.
- Complete the pedestrian overpass connecting downtown and the river.
- Coordinate the efforts of the WDA and the Greater Wenatchee Area Technology Alliance to encourage information technology growth in downtown.
- Complete the planning, development and construction of parking facilities that will increase downtown customer/worker/visitor capacity while decreasing congestion.
- Explore the development of a downtown permanent Farmers Market.

### Wenatchee High Performance Community Livability Navigator



### Strategy Recommendation #10:

Explore the development of a Public Development Authority, comprised of multiple jurisdictions, to purchase and manage Mission Ridge as a community-owned ski area.

### Strategy Recommendation #11:

Examine ways to improve the aesthetics of gateways into the city, either through landscaping or incorporation of the thematic "fruitful" street signs recently erected.

### Strategy Recommendation #12:

Implement programs to enhance the supply of housing suitable for LMI families.



### Civic leadership & Regional collaboration

Building a new economic future with an industry mix that is different from that of Wenatchee area's past will require changes in the ways that public policy and governance are used to support and facilitate these new initiatives.

One of the more important considerations in making these changes is to realize that in today's economy the region is the primary operating unit upon which companies look to draw on assets such as human skills and talent, suppliers, infrastructure and technology. This asset base and a distinct, higher quality of life have become the key determinants for attracting and growing high-value businesses.

High performance regions succeed because business, government, education and the communities invest in infrastructure and collaborate to develop niches where they can sustain a competitive advantage. Then, because a region or community is not merely a setting for business activity, it must be a proactive marketer of its products and place value. To be successful, regions must differentiate themselves - their identities - and then reach out and market themselves.

The region begins with some constructive momentum. The *Wenatchee World* newspaper is a strong proponent of regionalism and leaders from public, civic and business organizations throughout the region all express a desire to cooperate and collaborate on issues that affect the region.

Barriers to regional thinking and regional action also exist. Too many jurisdictions, lack of coordination, duplication and inability to work together were mentioned frequently as major stumbling blocks during the planning process.

Like many other communities that were once able to operate more or less independently, the Wenatchee area has grown to where regional solutions are often the only solutions. Important issues such as tax revenues, permitting and compliance, land use planning, servicing of industrial lands and transportation are the current topics of interest but they are just the starting point - a sign of things to come.

The recommendations provided here are offered as points of departure toward regionalism, recognizing that the multiple jurisdictions will not vanish and that multiple jurisdictions may in fact increase choice, create competition and improve the delivery of services. The City of Wenatchee, the Port of Chelan County and Quest should provide the leadership in catalyzing these initiatives.

#### Strategy Recommendation #13:

Start a leadership training program that informs participants about governance and development issues pertinent to the region as well as providing them with leadership skills.

#### Strategy Recommendation #14:

Develop regional approaches to multi-jurisdictional problems.

- Where interoperability is required, for example in transportation and land use planning - use the Metropolitan Planning Organization as a planning and action agent
- Where problems or issues are shared but do not require interoperability, for example in servicing of industrial lands or tax revenue sharing, use short term task forces for resolution

#### Strategy Recommendation #15:

Launch an ongoing "community forum" process that enables civic leaders and citizens to meet and address issues, solve problems, or think about the future.

- Create a mechanism for providing accurate, timely and detailed information about the performance of the local economy and changes underway at the Wenatchee Valley College, for example.\
- Inaugurate an annual regional economic summit.

#### Strategy Recommendation #16:

Begin long-term planning for infrastructure improvements that are critical to the region's full participation in the global economy.

- Airport improvements leading to jet service
- 4-lane highway access to enable improved transport of agricultural goods and access by tourists
- Access to higher education at the four-year level, including working with Wenatchee College to build its 2+2 programs

Leadership and vision are required -- an overarching vision. Otherwise when you bring people together to discuss the future everything decomposes into functional concerns (transportation, telecommunications, taxes, etc.) Because each of these functional groups is represented by interest groups the result is bickering, stalemate and recrimination. It's an old story:  
"For if the trumpet give an uncertain sound, who shall prepare himself to the battle? (1 Cor 14:8)