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In the Loop

To: CEDC Board of Directors, CEDC Members and Interested Parties

From: Ted Sprague, CEDC President

Date: 3/25/09

THE IMPORTANCE OF ECONOMIC DEVELOPMENT

What is your definition of economic development? For some it is recruiting a new industry into the area, for others it is building infrastructure, some define it as assisting local businesses compete and for many it is basically creating an environment for job creation. For the Board of Directors and staff at the Cowlitz Economic Development Council the short answer is facilitating growth. Growth of jobs, infrastructure, partnerships, education, health care and on down the line.

Some ask why the CEDC focuses on the manufacturing sector and not on retail and service related industry. There are several factors for this including how money moves in an economy, the competition of manufacturing sites, etc. etc. But first and foremost the multiplier effect is strongest for manufacturing. According to a recent study by the US Chamber of commerce, a business with 100 manufacturing jobs will produce 44.42 other manufacturing jobs, 34.43 wholesale and/or retail jobs and 45.89 service jobs. A business with 100 service jobs will produce 7.32 manufacturing jobs, 11.22 wholesale and/or retail jobs and 17 other service jobs. In addition, the direct payroll of 100 manufacturing jobs at \$4,000,000 would create 1 ½ times that figure or an additional \$6,000,000 for new payroll realizing a total impact of \$10,000,000. I appreciate these figures as economists have come a long way over the decades to assess what a true multiplier effect is. One manufacturing job does not create seven ancillary jobs as was believed in the 1970's, but it does provide the largest multiplier in any job sector.



March 25, 2009

The importance of manufacturing is revealed most significantly during this current economic recession. The reason Cowlitz County is hit harder than other communities is the manufacturing sector is our largest industry sector. The state of Washington's largest industry sector is retail and manufacturing is only the third largest industry sector. In our neighboring counties of Clark and Lewis, government (includes education) is the largest sector (number two in Cowlitz) with manufacturing not making the top three in Clark and registering third in Lewis. Because of the significant layoffs in our manufacturing sector, all other sectors are affected. So should we ignore manufacturing? I say no. We need to further our efforts of diversifying our manufacturing base so that when one industry may be in a downturn, another area of manufacturing may be on the upswing.

The continuing efforts of the ports, cities, county, PUD, private sector job creators, workforce and education system will propel our community further into diversification of our industry sectors to withstand future recessions and more fully enjoy economic recovery.

NEW LEADER SELECTED FOR CTED

Governor Chris Gregoire recently named former Microsoft Vice President, Rogers Weed as the director of the Department of Commerce. The State of Washington's agency which oversees EDCs and the myriad of economic development programs is going through dramatic changes - - including a proposed name change from Community, Trade and Economic Development to the Department of Commerce. The name change legislation recently passed in the House and is awaiting a vote in the Senate. The thinking is to raise the level of importance of economic development in the State.

As for the new director, Mr. Weed has a strong background as a leader at Microsoft as a corporate Vice President and as a general manager, overseeing the work of hundreds of people who plan, develop and market Microsoft products around the globe. The Governor referred to him as, "The very essence of an innovator, as evidenced by his high-level contributions to Microsoft products ranging from Windows to Encarta to Pocket PC's."

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CEDC BOARD INVITED TO SHARE VIEWS WITH CONGRESSMAN BAIRD

On Friday, March 13th the CEDC Board of Directors and invited guests had an opportunity for a roundtable discussion with our 3rd District Congressman, Brian Baird.

The discussion was wide ranging and informative and was an excellent opportunity for us to share our concerns with the federal “recovery” package and the way money is being filtered down to states, counties and cities. Congressman Baird expressed his displeasure with some of the procedural and convoluted aspects of the legislation, specifically the demand for so-called “shovel-ready projects.” This has been troubling for those in the economic community as well who would prefer to see projects based on future benefits given the same importance, if not more, than those that may simply be ready to go.

***STATE REPRESENTATIVE ORCUTT PULLS RULE MAKING INTO THE 21ST CENTURY***

An unheralded, but extremely useful piece of legislation was sponsored by 18th District Representative Ed Orcutt in the form of House Bill 1475. The bill, co-sponsored by

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fellow 18th District Representative, Jaime Herrera, will require state agency rule-making information to be posted on each state agency's web site.

The primary means for providing notice to the public currently is through the Washington Administrative Code that is published by the Code Reviser in the Washington State Register. The Register is a biweekly publication distributed on the first and third Wednesday of each month. Rep Orcutt's bill will require state agencies to maintain a website containing the agency's rulemaking information. A direct link to the rulemaking page must be maintained on the agency's homepage. The agency rulemaking website must include the time, date, and place for required headings of a proposed rule and procedures and timelines for submitting written comments and supporting data.

The bill passed the house on February 23rd with a 92 – 0 vote in favor and recently passed out of the Senate Committee on Government Operations and Elections and awaits a vote in the Senate Rules Committee. In an era of demand for more transparency from government, this legislation will go far to help businesses know how they can participate in the process.

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