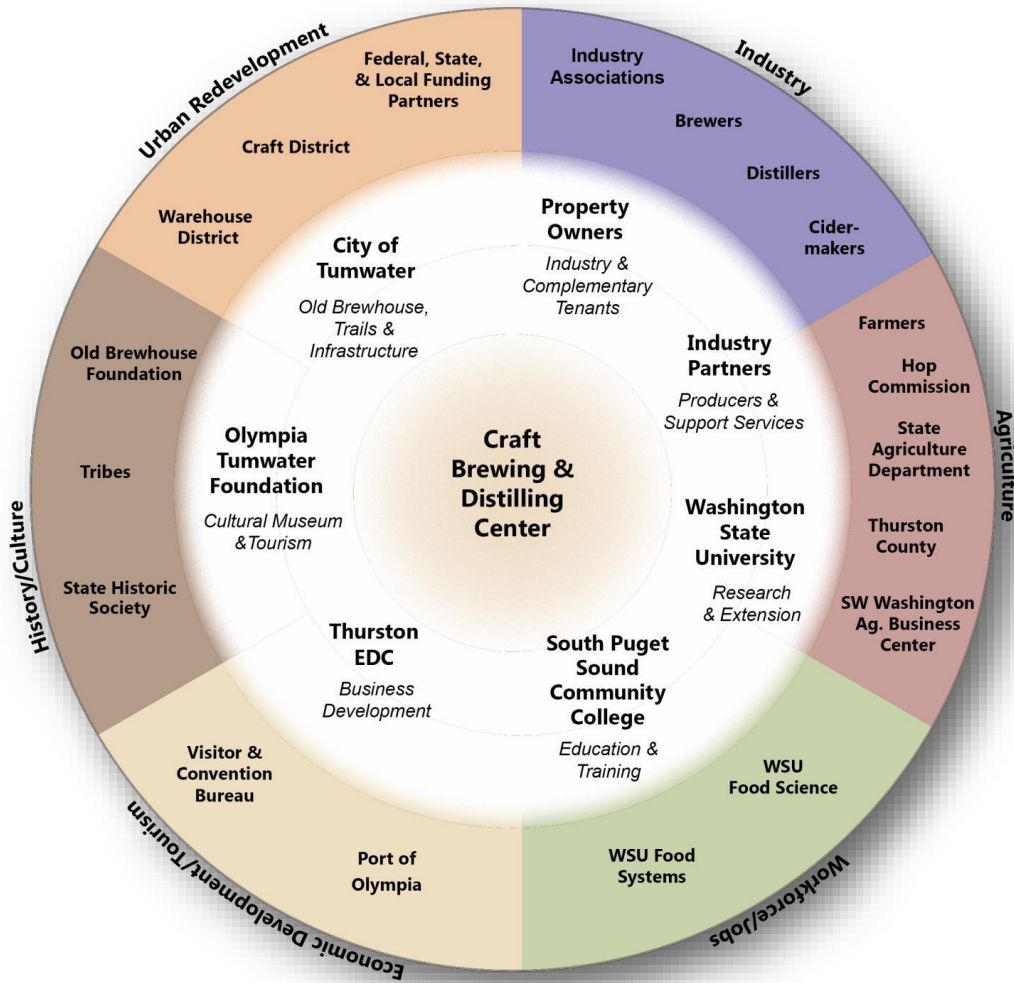


Thurston Craft Brewing, Distilling and Cider Making Innovation Partnership Zone Business Plan 2019



The IPZ was first authorized by the Washington State Department of Commerce in 2015 and renewed in October 2019. This Plan has been developed by the Thurston Economic Development Council (EDC) and the IPZ Manager in concert with South Puget Sound Community College, the City of Tumwater and the other partners in the IPZ.

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Executive Summary

As a result of economic development efforts by private industry, local jurisdictions, colleges, and economic development organizations, Thurston County has been cultivating an emergence of craft brewing, distilling and cider making industry development throughout the Thurston region.

This work consist of producers, support services, research, education programs, public and private investment and supply chain infrastructure and they all share a common purpose: to develop the Thurston Craft Brewing, Distilling and Cider Making Innovation Partnership Zone (TBDC IPZ) into an economic thriving regional industry and a world-renowned destination for quality craft beverages.

Mission

The Mission of the Thurston Craft Brewing, Distilling and Cider Making IPZ (TBDC) is to promote the development of a world-class region for craft brewed beers, distilled spirits and cider through strategic local and statewide partnerships.

Goals

The primary objectives of the TBDC IPZ are to:

- Ensure that workforce development programs are available in the craft beverage industries and grow jobs within this sector.
- Increase the sales and distribution of locally crafted brews, distilled spirits and cider products.
- Conduct research and education that support the craft beverage industry.
- Develop the regional supply chain of locally grown grains production, storage, distribution and market development.
- Attract public and private investment into the craft industries and into destination cluster developments.
- Grow the region as the destination for producers of craft brewing, distilling or cider making.
- Provide every possible business technical support to craft beverage entrepreneurs.
- Market the region as a world-class destination for craft beverages.
- Provide leadership for the Zone by strengthening collaborative efforts.
- Cultivate community driven small business creation and development.
- Incentivize development and implementation of improved production practices optimizing social, cultural, environmental, and financial sustainability and regeneration along the entire product lifecycle.

Leadership

Management Team

Michael Cade

Executive Director, Thurston Economic Development Council

IPZ Role: IPZ Administrator

Michael began his tenure with the Thurston County Economic Development Council as Executive Director in January 2004. Prior to joining the Thurston EDC, Michael was the Vice President for the Snohomish County Economic Development Council from 1992 — 2003. His career in economic and community development began in 1987 and has primarily been focused on the recruitment of

investment into the community, and the retention of companies.

John Doan

City Administrator, City of Tumwater

IPZ Role: IPZ Leadership Group

John has been the City Administrator of Tumwater since January 2010 where he directs the work of 200 full-time employees and a \$200 million biennial budget in this full-service city. John's interests at work are organizational improvement, collaboration, community engagement, building great places, and education.

Heidi Behrends Cerniwey

Assistant City Administrator, City of Tumwater

IPZ Role: IPZ Leadership Group

Heidi serves as the City's Brewery Project Manager and Assistant City Administrator and works in a multidisciplinary capacity across City departments and services to advance municipal priorities. She has served in local government for nearly ten years in administration, project management, public affairs, and human resources roles, with additional background in private and nonprofit leadership.

Frank Addeo

Director of Brewing and Distilling, South Puget Sound Community College

IPZ Role: IPZ Leadership Group

Frank began his brewing career after completing his graduate degree in anthropology in New York City. In 2015, he relocated to Washington State to pursue a certificate in Craft Brewing and a master's degree in yeast microbiology. He worked as a research brewer for Yakima Valley Hops as well as instructional technician for Central Washington's Craft Brewing Program. As director of SPSCC's Craft Brewing and Distilling Program, Frank is responsible for preparing students for successful careers in the brewing, cider-making, and distilling industries.

Stephen Bramwell

Thurston County Extension Director, Washington State University

IPZ Role: IPZ Leadership Group

Stephen graduated from Washington State University with a master's degree in soil science. His areas of work include soil fertility, market development for local agriculture, new farmer training, and on-farm conservation. Stephen has worked in agriculture, horticulture and environmental science at WSU, The Evergreen State College, Centralia College and South Puget Sound Community College. Prior to attending WSU, Stephen earned a degree in international studies from the University of Washington. Stephen has been working with the local agricultural community and WSU faculty and researchers to expand the local supply chain supporting brewing and distilling.

Aslan Meade

Director of Strategic Alliances, Thurston Economic Development Council

IPZ Role: IPZ Leadership Group

Aslan works as a connector and coordinator among the many facets of the IPZ work, building and

strengthening relationships between the partners in the related project fields: agriculture supply-chain development; craft producers and entrepreneurs; marketing and branding; research and education; public & private investment; and destination site development.

Partner Involvement and Investment

Thurston Economic Development Council (EDC)

The Thurston EDC is the Associate Development Organization (ADO) state designated lead economic development organization in Thurston County. This responsibility includes identifying emerging industries that will strengthen both the region and the state economically. The Center for Business and Innovation (CB&I) is a partner organization within the EDC.

As a partner in this IPZ, the Thurston EDC will:

- Act as the IPZ administrator.
- Provide staff to help manage the IPZ and build out the related economic supply chain.
- Actively engage in the coordination of regularly scheduled IPZ Leadership Group meetings.
- Make sure the capabilities and resources of the CB&I meet the needs of the craft brewing, cider making and distilling industries.
- Act as fiscal agent for funds that may become available to support this project.
- Perform administrative responsibilities, such as reporting and measuring outcomes, to comply with the terms and conditions of the designation.

City of Tumwater

The City of Tumwater is the oldest American settlement in the Puget Sound. It is best known as home to the Olympia Brewery, the community's largest employer for over half a century.

As a partner in this IPZ, the City of Tumwater will:

- Provide staff to help manage the IPZ.
- Advocate for the historical preservation and redevelopment of the Old Brewery.
- Support the infrastructure of the Craft District.
- Work with the local Destination Marketing Organization to promote and market the craft beverages industry.
- Convene current and potential partners and investors.

South Puget Sound Community College

South Puget Sound Community College (SPSCC) is a public community college located in Thurston County. The college will be locating its Craft Brewing, Distilling, and Cider Making Program in Tumwater, co-located with local and regional brewing and distilling partners.”

As a partner in this IPZ, SPSCC will:

- Invest in training programs that build private sector's capacity to expand production and the ability for a workforce to meet the demand of the growing sector.
- Plan for advanced workplace and skill programs.
- Provide a dedicated staff person who works with the IPZ to address workforce development needs.

- Actively engage in IPZ Leadership Group meetings.
- Provide space for meetings and relevant events for the IPZ.

Washington State University

Washington State University (WSU) is Washington’s land grant institution dedicated to research, education and extension. The College of Agriculture and Natural Resources as well as the School of Food Science, which offers a new degree program in fermentation science, have been strong supporters of the IPZ. The School conducts related research at the Pullman campus, the Mount Vernon Research Station, and the Wine Science Center in Prosser.

As a partner in this IPZ, WSU will:

- Provide WSU Extension as the local face of WSU.
- Provide results of research to Thurston, Lewis & Grays Harbor counties partners and lead in efforts to expand agricultural opportunities.
- Host the annual Cascadia Grains Conference on the SPSCC campus.

Washington State Department of Agriculture

The State’s Department of Agriculture leads policy initiatives that support agriculture in the State. This includes the advisory Hops Commission, Grain Commission, and Apple Commission.

As a partner in this IPZ the Department of Agriculture has:

- Provided funding to support the SPSCC education program.
- Worked with the IPZ as part of the state-wide initiative, Grain to Glass, to expand the locally grown grain to beer supply chain.

Private Sector Partner - Heritage Distilling Company

Heritage Distilling Company is a craft distillery based out of Gig Harbor, WA with a growing presence in Thurston County. Heritage is the most awarded craft distillery in North America by the American Distilling Institute six years in a row and is the second largest distillery in Washington State.

As a partner in this IPZ, Heritage will:

- Be an anchor tenant in the new Craft District in Tumwater.
- Provide mentoring relationships with students of the SPSCC program.
- Support the reporting and measurement requirements of this project by providing needed data and input.
- Open additional distilling operations in the Grand Mound Commercial District.

Private Sector Partner - Ninkasi Brewing

Ninkasi Brewing is a craft brewery based in Eugene, OR. They will be expanding into Thurston County in 2020 when they become a resident in the Craft District in Tumwater. They are a highly recognized craft brewery and they have been strong advocates for the craft beer movement.

As a partner in the IPZ, Ninkasi will:

- Participate in education programs.

- Operate a brewpub facility in Tumwater.
- Provide mentoring opportunities for students in the SPSCC Craft Brewing Program

Public/Private Partnership

South Puget Sound Community College and Local Brewers

For the past year SPSCC has been developing a program with local brewers that would create opportunities for the school and the breweries to produce co-branded products. The program will be available full scale in the fall of 2020 when the school moves their Craft Brewing and Distilling program to the Craft District in Tumwater.

The College is also exploring serving the local craft producers of the region through the possibility of creating lab facilities and a local grain storage facility which could be accessed and utilized by the regional makers.

Craft District LLC & City of Tumwater

A unique collaboration between a private developer, local community, and public interests, the Craft District project in Tumwater is led by long time economic development partners, the Parson family, forming the development group Craft District, LLC. The plans for this private development project include improving city infrastructure and addressing habitat protection resulting in one of the most innovative collaborations in the region. The District, when complete, will be home to the SPSCC program, Heritage Distilling, Ninkasi Brewing, retail and a potential cidery and craft beverage start-up space, new pedestrian trail segment connecting craft brewing facilities to public amenities between Olympia and Tumwater, and an amphitheater to create a destination based draw.

Other Jurisdictions

City of Olympia

- The City of Olympia has an award-winning downtown development strategy that recognizes the unique draw that craft brewing and distilling has in the creation of new establishments and redevelopment. The City advocates for innovative brewers to be downtown, such as Three Magnets Brewing and the Well 80 Brewpub, as well as forges long lasting relationships with establishments such as the Fish Tale Brewpub.

City of Lacey

- The City of Lacey has fostered the creation of a Producers District in recognition of the emerging concentration of producers that are seeking to promote and increase market share.

City of Tenino

- The City of Tenino and the Thurston Economic Development Council are partners in a fifteen-year lease designed to facilitate the development of the Southwest Washington Agricultural Business & Innovation Park, a project the city has been involved with since 2016. This park will be a key link in the raw material supply chain for the region, as well as a craft beverage agritourism destination.

Port of Olympia

- For over three decades the Port has played a major part in working with the agricultural sector of Thurston County. The Port is a partner in the development of the Southwest Washington Agricultural Business & Innovation Park, has invested in the WSU Extension grain trail research, and is a major contributor to the economic prosperity of the City of Tumwater.

Confederate Tribes of the Chehalis Reservation

- Since 2009 the Chehalis Tribe has been working with stakeholders in Thurston County to purchase and develop land in the unincorporated town of Grand Mound. These projects are greatly improving the health of the economy in southwest Thurston County.

Four Year Sustainability Plan

The TBDC IPZ will focus on expanding the industry workforce, increasing the region's industry knowledge, developing out the grains to glass supply chain, and strengthening the sustainability of the emerging developments. The economic impact of these efforts is already evident: the craft brewing industry in Thurston County has seen a 100% increase in employment in the past 2 years (*Pacific Mountain Workforce Development Council Industry Cluster Study, 2019*)

Workforce Development

South Puget Sound Community College

South Puget Sound Community College (SPSCC) began offering an Associate in Applied Science degree in Craft Brewing and Distilling in 2018, with its first cohort slated to matriculate in the spring of 2020. The College utilizes industry advisory boards to help guide its curriculum, ensuring the courses offered mirror the opportunities in the workplace. In addition to the IPZ partners, supporters of the new SPSCC Craft Brewing Program include:

- Port of Seattle
- Cider Institute of North America
- American Craft Spirits Association
- Northwest Cider Association
- Washington Distillers Guild

These relationships have resulted in a unique curriculum that combines classroom learning with real life training. In the fall of 2020, the move to the new Craft Brewing and Distilling Center in the Craft District in Tumwater will allow the program to double in size. In addition to classrooms, the new location will include labs, a small-scale production space, offices, a conference room, and active producers as neighbors.

Additionally:

- The program is led by Frank Addeo, a former brewing lab technician out of Central Washington University with a master's degree in biology and biology sciences. The education program has a schedule for adding staff to support the program in the coming two years.
- Cider making courses will be added in the fall of 2020.
- Expansion of the Craft District will include classrooms that convert into an event space as well as sensory, biological, chemical, and instrumentation labs for quality assurance and quality control training.

Center for Business and Innovation, Thurston EDC

The CB&I tracks changes in the workforce and adds or adjusts programs as needed in order to offer a full array of services to small businesses. To reflect the emphasis on craft brewing in the region, the ScaleUp training program will be adding a module to their curriculum that focuses on the unique

challenges craft beverage producers face.

Pacific Mountain Workforce Development Council

Pacific Mountain Workforce Development Council (PacMtn) brings the region's workforce development efforts together. The organization focuses on innovation, next generation job skills and workforce training. They also disseminate information about the area's workforce to stakeholders around the region. The TBDC relies heavily on the relationship with PacMtn to provide much needed research and insight as to the economic trends in the region, especially in the craft beverage industries.

Expansion of Industry Knowledge

In 2008, the food science faculty and programs from the University of Idaho Department of Food Science and Toxicology merged with the Washington State University Department of Food Science and Human Nutrition to form the WSU/UI School of Food Science in Pullman, WA. This School provides not only courses but research that is among the most respected in the nation.

One example of a field of study that directly impacts the Zone's base knowledge is the specialized track of Fermentation Science. The courses include the study of chemical transformations and how to design safer and more energy efficient food preservation methods. The School also operates a highly recognized sensory evaluation research facility.

The Thurston WSU Extension also initiated two consecutive years of grain trials in 2017 and 2018, making use of seed from the WSU Barley Breeding Program. The objectives of the trials was to first determine what grains grow best in the Thurston Region, and then to determine which varieties are best suited for craft brewing and distilling. Barley grown in 2017 was made into whiskey at Sandstone Distilling in Tenino and evaluated for flavor compounds at the WSU Wine Science Center in Richland, WA. Barely grown in 2018 was evaluated by consumer panels in Pullman, WA. And then was evaluated during consumer tastings at this year's Tumwater Brewfest.

As a partner in the TBDC IPZ WSU is committed to working with the Zone to identify future areas of research. Wheat is one of Washington State's most valuable farm products and the research WSU provides will ultimately lead to increased productivity, a more efficient supply chain, a new cash crop for regional farmers and better products for the consumer.

Grains to Glass Supply Chain

In 2018 the WSU Thurston County Extension conducted a feasibility study to determine if there are regional growers who would grow grain for the craft industry and if there are buyers who would purchase this grain. Building on the successful outcomes of the WSU research, the Northwest Agriculture Business Center (NABC) is now working with grain growers in Lewis, Thurston & Grays Harbor Counties to form a grain growers cooperative. NABC, WSU & the Thurston EDC are also helping to develop end market users for this grain with companies like Great Western Malting and producers within the Thurston IPZ. NABC and partners have raised funds for a grain trans-load facility at the Port of Chehalis and is developing a business model for grain storage at the Port.

The work of NABC in conjunction with both the WSU feasibility study and WSU grain trials is leading to an important workforce and business viability outcome—finding crops for regional farmers to grow that can provide a higher return on investment. This is especially important after the largest

purchaser of food crops in the region—National Frozen Foods in Chehalis—has stopped purchasing from Western Washington growers. Initial research is showing that growing grains specifically for the craft beverage market could be the cash crop local growers need, as well as being a crop valuable for healthy field rotation.

Another end market user for local grains will be students at the SPSCC educational program and craft producers at the Tumwater Craft District. The Thurston WSU extension and Thurston EDC are exploring the inclusion of a local grain storage facility at the District which could be accessed by local brewers & distillers from throughout the region. Currently funding for this storage facility is being included in the Thurston Shared Legislative Agenda as a Capital Budget request from the state legislature.

Together, these partners are helping to build an entire grains to glass supply chain, from organizing local farmers to grow grain, raising funds for grain storage facilities, developing distribution systems, and developing end markets for the grain with craft brewers, distillers and educational programs.

Emerging Industry Developments

The Craft District

The Craft District in Tumwater is the result of years of coordinated efforts by the Thurston Economic Development Council, the South Puget Sound Community College, private developers, brewers and distillers, and the City of Tumwater. When complete, it will be a platform for local brewers, cider makers and distillers to meet, grow and expand on their passions for producing craft beverages.

The District will feature the Craft Brewing and Distilling Center, the future home of SPSCC Craft Brewing Program. It will also have Heritage Distilling and Ninkasi Brewing as anchor tenants as well as gift shops, restaurants, office space and 5,000 sq. ft. of business incubators. The site development plans include a 1,000-seat amphitheater and the District is within walking distance of the Old Olympia Beer Brewery in the heart of downtown Tumwater. It is anticipated the District will be a major draw for private developers, the general public and tourists, and will add over 600 jobs to Thurston County when complete.

The Olympia Brewery Redevelopment Project

In 2016, the City of Tumwater took ownership of the historic Old Brewhouse Tower, a part of the Old Olympia Brewery built in 1906. Restoration is underway due to a combination of state funding and community support. Improvements will include walkways which will eventually connect the historic building to the Craft District by way of the Deschutes Valley Trail. The Tower renovation is being funded with grants from the State of Washington, the City of Tumwater Lodging Tax, and private donations.

Warehouse District

Vacant under-utilized sites near the Olympia Airport in Tumwater were revitalized with infrastructure improvements and new commercial and mixed-use zoning designations in recent years. This revitalization resulted in the Warehouse District, home to local brewers and cider makers such as Matchless, Triceratops Brewing and Tart Cider, as well a variety of specialty businesses. The Warehouse District has become known as a gathering place for consumers who want to sample locally made craft beverages.

Southwest Washington Agricultural Business & Innovation Park

The Agricultural Park is a result of the combined efforts of the Thurston Economic Development Council, the City of Tenino and the Port of Olympia. This park is located along the Thurston Bountiful Byway and will be a regional resource for production and supply chain partners throughout the South Puget Sound area.

The 13-acre park is currently under development, and when complete, will establish a long-term hub for agriculture and rural business. It will provide a much-needed agricultural value added production industry to the TBDC IPZ. It is anticipated that this Park will deliver 150 new jobs as well as over \$25 million in sales over the next four years.

Grand Mound Commercial District:

The Chehalis Tribe has been developing three land parcels in Grand Mound. The most recent phase of the project includes the development of a 36,000 square foot building which will house a restaurant, a brewery, and a distillery all in one. The building will be a featured destination on the Thurston County Bountiful Byway when complete in late 2020.

When complete, the Grand Mound District will include a mix of production and retail spaces. Heritage Distilling will be a key tenant as they will be opening a new distillery in partnership with the Tribe.

The Tribe also has plans to launch, produce and distribute their own brand of brew, making use of the SPSCC program to train a tribal workforce.

Lacey Producers District:

Located in the Hawks Prairie area of Lacey, the Producers District has grown organically as a hub for local makers of beer, wine, mead and liqueurs. The Top Rung Brewery tasting room is in this district, along with local wineries and shopping. Salish Sea Distillery, a producer of small batch organic liqueurs, is also a tenant in the Producers District.

This area has also become a place for established producers to meet to share best practices and resources and market themselves as a craft destination.

Entrepreneurial Support

Thurston Economic Development Council

The Center for Business & Innovation, located in the SPSCC Lacey Campus and hosted by the Thurston EDC, caters to business in all phases of growth – from start up to succession plans. In 2018, the Center assisted over 1220 individuals, held more than 700 individual counseling sessions and ultimately helped create over 500 new jobs in the County.

The Center provides free or low-cost assistance via multiple entrepreneurial development programs – coaching, advising, trainings, workshops, research, workforce trainings, location assistance, and strategic referral – all under one roof.

These programs include:

- The Washington Center for Women in Business: A regional program that encourages women owned businesses to thrive via a network of trained advisors, online trainings and workshops.

- The Washington Procurement Technical Center: Part of a statewide program that connects small business owners with government contracting opportunities via one-on-one advising, workshops and events.
- Small Business Development Center: Part of a statewide program the SBDC assists the established and growing business with financial mastery courses, business planning advice and company infrastructure support.
- SCORE: Part of a statewide program that offers regional support to start up businesses via a network of mentors.
- ScaleUp: Formally a SBA funded program, the CB&I ScaleUp program is self-funded and offers the established business a series of low cost programs designed to help a small business owner grow.
- South Thurston Economic Development Initiative (STEDI): A regional consortium focused on the economic and community development of rural areas of Thurston County.
- Lacey Makerspace: A collaboration between the City of Lacey, St Martin's University, Thurston EDC, SPSCC and the Port of Olympia, this space is available to local entrepreneurs for prototyping or the development/engineering of products.
- ThINk: The Thurston Investment Network provides introductions between local entrepreneurs seeking capital and local investors interested in investing in local businesses in order to facilitate local investments in start-up or growing Thurston based businesses.
- South Puget Sound Community College Foundation's revolving loan fund, which designed to provide the bridge capital for start-ups.

Multiple IPZ businesses have undergone training through the ScaleUp program and a brewer, distiller, cider maker and potential Craft District restaurant have pitched to the ThINk network.

IPZ Strengths

Technology

Carbon Capturing

Carbon capturing is a big concern and the brewing industry is no exception. Washington State has initiated Carbon Washington – a project that investigates environmentally friendly methods to reduce waste through technologies like carbon capturing. The craft brewing industry is one that could use this method to reduce CO2 emissions, cut brewing costs and recycle the otherwise wasted carbon for other aspects of brewing. Further research into carbon capturing for the brewing industry could result in saving brewers tens of thousands of dollars per year.

In 2020, the IPZ, through the Thurston Shared Legislative Agenda, will be seeking funding from the State for a shared malting storage facility and a CO2 re-capture facility.

Human Capital

Human capital is a critical component of the Thurston Craft Brewing, Distilling and Cider Making IPZ. The Zone's Management Team reflects the region's commitment to bringing the right stakeholders together in order to accomplish the growth and sustainability of the craft industry in this region.

The IPZ Leadership Team is able to identify what the craft brewing industry requires in order to grow and can react quickly to develop services which supports their growth. They also provide research and reports on production methods, advocate for improved regional infrastructure to support industry

growth, and collaborate with other regions in order to expand the consumer market.

Human capital is available to the TBDC IPZ in other ways as well. Washington State is second in the nation when it comes to established craft brewing businesses and is the leader when it comes to the production of hops. In 2018, the craft beverage industry produced over 6300 jobs statewide and had an economic impact of \$1.4 billion. This background gives the Zone ample resources and support to draw from statewide.

Infrastructure

Table 1: Infrastructure Initiatives - 2020-2024

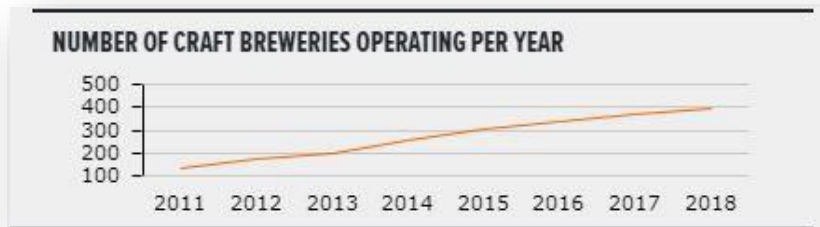
Project and Owner	Special Features	Timeline
Tumwater Craft District Project Owner: Craft District, LLC	Future home to the SPSCC Craft Brewing and Distilling Center, Heritage Distilling Company and Ninkasi Experimental Brewery. May also be home to lab facilities and local grain storage which could be accessed by regional producers	Completion in fall 2020
Olympia Brewery Redevelopment Project Owner: City of Tumwater	Improvement of the Old Brew Tower, pathways and trails.	Project in process.
Grand Mound Commercial District Project Owner: Chehalis Tribal Enterprises	Current brewery, distillery, restaurant under construction. The brewery will feature the Chehalis Tribal brand “Talking Cider,” which tribal members being trained through the SPSCC program.	Ground has been broken. Project is in 3 phases, first phase is complete. Third phase end of 2020.
Southwest Washington Agriculture Business and Innovation Park Project Owners: City of Tenino and Thurston EDC	Processor of agricultural products used in the creation of craft brews, distilling and cider makers.	Construction to begin in 2020 with an anticipated open date of late 2021
Chehalis Valley Grain Facility Project Owner: Port of Chehalis and Northwest Agriculture Business Center	Large local grain storage and trans -load facility	Infrastructure for railway spur has begun; construction 2021-2022

Market Growth

Craft beer continues to be a strong and growing industry. According to the Brewers Association, in 2018 overall U.S. beer volume sales were down 1%, at the same time craft beer sales grew by 4%. In total, craft brews were 13.2% of the 2018 U.S. beer market.

Regional breweries, those that produce between 15 thousand and 6 million barrels per year, grew by 14% in 2018, and microbreweries increased in number to 4522 - a 15% jump since 2017. There was also a marked increase in Brew Pubs - that segment grew 10% from 2017.

Similar growth is happening in Washington State. The state ranks third in the nation with 394 craft breweries, up from 382 in 2017.



Since 2011, the number of craft breweries in the state have risen steadily each year. This trend is expected to continue as the producers of craft beverages find the northwest, especially Thurston County, a supportive environment to start their business.

The trend is strong in Thurston County as well. The number of craft brewers has doubled in the County since 2015, the initial year of the IPZ designation. As the number of producers grows, related industries are moving into our region to support the producers. Industries such as packaging and filling machine operators, wait staff, material movers, and promoters will see an increase in demand over the next 5 years. (*PacMtn Industry Study 2019*)

Entrepreneurial Climate

County-wide private sector craft producers have been meeting monthly as part of a South Sound Makers club, sharing best practices and industry information, planning events and marketing campaigns, and overall supporting business strength and growth in the region. They are now exploring collectively becoming a non-profit (making use of the services of the Center for Business & Innovation).

Thurston County is within driving distance of two major metropolitan cities, Portland and Seattle, and is home to the state's capitol. The county is largely rural, however, with a strong tie to its agricultural roots. It is this urban and rural mix that is part of what made over 10,000 small businesses (2-9 employees) set up shop in Thurston County.

The cost of living in Thurston is about a third less than Seattle which makes this region a popular place for start-up craft brewers. Here, they will find a variety of support services including affordable real estate and incubator spaces. Further, the Port of Olympia has properties that could easily be converted to production spaces for craft brewing companies. These companies will also find assistance at the CB&I to locate access to financing including seed capital investments, and advising on developing and maintaining their growth.

Commercialization Plan

The primary goal of the TBDC IPZ is to develop the region as a destination point for craft brewing and distilling producers. This means the Zone must also develop the consumer base as well as value-added support industries while increasing funds for infrastructure development.

With this in mind, the key target markets are:

- Private investors
- Budding entrepreneurs

- Experienced producers
- Consumers

Strategic Marketing Alliances

The identified target markets will be reached via the strong marketing partners of the TBDC Zone. These marketing relationships have been developed over years of working together to achieve one goal: to promote Thurston County as the place to live, work and play.

Olympia- Lacey-Tumwater Visitor and Convention Bureau (VCB)

The VCB is the official marketing organization for Thurston County and a marketing partner for the Zone since the initial Commerce designation. Their mission is to strengthen the region’s economy by developing meaningful experiences and promoting travel to vibrant Thurston County. Visitor spending helps sustain local businesses and entrepreneurs including those who make craft beer, spirits and cider.

The VCB positions Thurston County as a “handcrafted escape”.

Brand Position

NEVER CONVENTIONAL

Thurston County, located in the beautiful, ever green Washington state, is unlike other destinations. Visitors and locals alike are encouraged to be themselves. It’s a place where people come to do something remarkable and aim for the extraordinary. Those that live here are fueled by determination to follow their passions. It’s in our culture. And it’s the very heart of our people that makes Experience Olympia & Beyond an exciting and unique destination for visitors.

Brand Promise

ALWAYS A HANDCRAFTED ESCAPE

Here, “handcrafted” is a way of life. People are intentional and passionate for their craft. Local makers create one-of-a-kind experiences for visitors to enjoy from artisan cheese and fresh apple cider to handmade soaps and intricate illustrations. And must not forget, the talented chefs as well as skilled roasters of fair trade coffee, brewers of handcrafted ales and makers of some very fine wine. A getaway to Thurston County nurtures your creative side, giving you full permission to explore something new.

The VCB promotes craft brewing, distilling and cider to the visitor market through the following marketing initiatives:

- Destination website highlighting local brewers, distillers and cider makers. The website includes blogs, local business listings and regional visitor events
- Visitor Guide publication with content highlighting local brewers, distillers and cider makers
- Visitor maps highlighting local brewers, distillers and cider makers
- Video content used on social media and digital ad campaigns promoting the destination
- Social media content development and influencer marketing
- Media relations and story pitching for travel and lifestyle writers
- Tour & Travel itinerary development and sales
- Bidding on conferences and events related to brewing, distilling and cider making

. The TBDC IPZ will continue to work closely with the VCB to create statewide and nationwide campaigns that enhance the branding of the region and widen the reach to target markets.

Thurston County has a history of linking individual business destinations into a larger marketing story. In

2014 the Thurston County Board of Commissioners officially designated the Thurston Bountiful Byway—a 60-mile scenic route in the heart of Thurston County – as an agritourism route designed to attract visitor spending. This experience invites visitors to tour the farms, taste the bounty and meet the locals while giving visitors the opportunity to learn where their food and drink comes from in a meaningful way. The route was developed in cooperation with several community partners including local farmers and business owners, as well as the Olympia-Lacey-Tumwater Visitor and Convention Bureau, Thurston County WSU Extension, the Thurston Regional Planning Council, Thurston Economic Development Council and other organizations.

Local Media Partner

ThurstonTalk is a locally grown information source launched in 2011. Its mission is to be the dominant voice in Thurston County for local businesses, events and news. In 2011, Thurston EDC awarded ThurstonTalk with the Small Business of the Year Award and they have been a major marketing partner ever since.

In 2019 ThurstonTalk kept Thurston County craft brewing and distilling producers and related industry events at the top of Google search by publishing dozens of articles each year. They will continue to support the Zone and help the TBDC grow in the coming years.

Events

A major component of marketing to the craft beverage industry is making the most out of festivals, events and conferences. These events are critical to building customer relationships that result in long-term customer following. Several major brewfest events are held in the TBDC IPZ each year, and each one has experienced a steady increase in attendance and participation

Tumwater Artesian Brewfest

Held annually in August, this major regional event brings all aspects of the craft brewing industry together to share and learn while exploring local brews. The 2019 event was a turning point as farmers, brewers, and the Washington State University Extension collaborated to host a community sensory evaluation. This evaluation was part of a BioAg-funded WSU research effort to identify barley varieties best suited for craft brewing and distilling – specifically for unique flavors from malted barley. This community tasting culminated two years of field trials organized out of the Thurston County Extension office. The 2019 event showcased over 50 producers and had over 4,5000 attendees.

Olympia Brewfest

Since 2012, the Olympia Brew Fest has been an annual summer beer festival that takes place at the Port Plaza in Olympia. It features 30+ hand-picked northwest breweries and over 60 different beers.

Cascadia Grains Conference

WSU Food Systems and Thurston County Extension has hosted this conference in Olympia for the last 4 years (with plans to continue in 2020). The conference invites farmers, bakers, brewers, distillers, investors, and policy makers to come together to strengthen the role of grains in our local economy. Billed as the "Greatest Grain Movement in the Northwest", over 400 participants attended the Conference in 2018, with representatives from Oregon, Northern California, Idaho and beyond attending.

South Sound Beer & Cider Week

A recent example of the entrepreneur climate in Thurston County is exemplified in the recent South Sound Beer and Cider Week Event held in August of 2019. Thurston County based breweries, distillers, cider makers and meaderies (producers of honey-based wine) joined to organize ten days' worth of events and tastings around the Zone. The result was a highly successful and educational week. There are plans to make this event, or something like it an annual occurrence.

Out of Region Events

TBDC IPZ based producers routinely participate in out-of-region events as well as work on developing international partnerships. Thurston EDC has established international economic developments by creating a presence in China through their SRTA program. Craft beer is now an emerging market in China and the TBDC IPZ is actively supporting the promotion of craft beers in Shanghai. In 2019, the EDC entertained two different delegations that were seeking to purchase local beer products and distribute into international markets.

Accomplishments to Date

One of the most visible accomplishments of the Thurston Craft Brewing, Distilling and Cider Making Innovation Partnership Zone has been in the collaboration among a variety of regional entities.

In 2019 thirty public agencies, jurisdictions, non-profits and community development organizations signed a letter of understanding "*Regarding Collaboration on Regional Agriculture Development in the South Puget Sound/SW WA Region*" All four of the projects listed in the letter under current regional initiatives of interest are tied directly to craft brewing and distilling (Craft District & Olympia Brewery Property Redevelopment, Craft Brewing & Distilling Center, Chehalis Valley Grain Facility, Southwest Washington Agriculture Business & Innovation Park)..

Further, Thurston County based producers are making their mark statewide. This can be seen in the number of awards captured by TBDC IPZ based brewers in the 2019 Washington Beer Awards:

- Silver: Matchless Brewing – Bright & Brux
- Bronze: Three Magnets Brewing Company – Old Skook Barleywine
- Gold: Top Rung Brewing Company – My Dog Scout Stout
- Bronze: Fish Brewing Company – Organic IPA
- Gold: Headless Mumby Brewing – Smoked Rye Lager
- Gold: Fish Brewing Company – Hefeweizen
- Silver: Well 80 Brewing Company – Folle Pulle!
- Silver: Headless Mumby Brewing – Cascadian Brown Lager
- Very Small Brewery of the Year: Headless Mumby Brewing

Other milestones that have been reached since the initial filing for the IPZ status in 2015 include:

- Thurston County EDC opened the Center for Business and Innovation in 2015.
- SPSCC launched the first workforce-based education program in 2018.
- Public and private investment in the overall project increased dramatically resulting in several major infrastructure improvements to open in 2020.
- The number of producers has doubled since 2015
- The State of Washington has initiated several statewide investments into grain-based craft beverages.

- Local jurisdictions have fostered and financially supported the creation of sustainable clusters throughout the region.
- In 2019 the Northwest Agriculture Business Center assigned a full time staff person to the Thurston Region dedicated to work developing the grain supply chain.

Grants

The TBDC IPZ partners are using state and federal funding to get projects launched. Some examples of recent awards include:

- The Washington State Department of Agriculture provided \$500,000 to fund equipment for the SPSCC Program.
- The Port of Olympia released \$75,000 toward the development of the SW Agriculture Park and \$10,500 toward the WSU grain field trials study.
- The State of Washington Heritage Capital Grant Program is providing over \$1,000,000 towards the Tumwater Brew Tower Restoration.

Measurement and Reporting Plan

The TBDC IPZ partners and leadership management staff are committed to monitoring the progress of economic growth in the region. Thurston EDC, as the Administrator for the Zone, will collect data and report on the following metrics:

- Job creation
- New business start ups
- Student enrollment craft program
- Overall volume of production
- Annual Sales
- Private sector development investment
- Public sector infrastructure investment

The Zone partners will use the data to adjust the business plan as needed in order to stay true to the TBDC IPZ mission.

Additionally, the core agriculture development partners of the Thurston WSU Extension, Thurston EDC and Northwest Agriculture Business Center intend to measure the following metrics oriented towards creating economic opportunity for farmers:

- Tons of locally grown malting barley used at the Craft District
- Tons of locally grown malting barley distributed locally and/or regionally due to Craft District infrastructure
- Value (in \$/lb) added to farmers industry sales price for malting barley
- Number of breweries/distilleries gaining access to local or regionally grown malting barley resulting from Craft District Infrastructure
- Research relationships facilitated relating to craft beverage industry development
- Number of community outreach opportunities created that increase public access to new research and education regarding craft beverages, and farmer-craft beverage connections

These agricultural-focused metrics will also assist in bringing attention to research and education advances, and creating connections for the public to learn about the whole farmer-malt-brewer/distiller supply-chain.

Conclusion

Thurston County has always relied on its ability to foster entrepreneurship and innovation by offering a supportive collaborative network, and the Thurston Craft Brewing, Distilling and Cider Making Innovation Partnership Zone (TBDC IPZ) is no exception. The TBDC IPZ looks forward to a bright exciting future that will grow both the region and the state's economy and heighten the standard of living for all residents.

Next Steps

In order to reach its mission of becoming a world-class region for craft brewed beers, distilled spirits and cider, the goals for the IPZ in the next four years include:

- Open the SPSCC education program facility and integrate program offerings into the new setting.
- Complete the Craft District Project with full build-out.
- Launch a craft beverage start-up venue and program.
- Increase the number of craft beverage producers by at least 33%.
- Explore adding advanced education programs at SPSCC.
- Develop a shared local grain facility.
- Launch a county-wide marketing and branding collaborative which will promote Thurston County as a destination identified with craft brewing, distilling and cider.
- Create a regional strategic plan for agriculture economic development which will have a significant craft beverage focus.
- Increase the number of farmers growing grains for the craft brewing and distilling markets, and the amount of acreage under cultivation.
- Establish additional support industries in the community (e.g., malting, barrel storage, cooperage, bottling and canning, grain storage, etc.).

The Zone also hopes to provide dedicated staff to the IPZ in the coming year. Although the Thurston EDC has been providing staff support to the administration of the IPZ, the resources are limited.

The Zone encourages Commerce to continue to ask for funding on behalf of the state's budding Innovation Zones. This funding would allow the TBDC IPZ to hire an individual who is able to focus on moving the Zone's mission forward.

Some responsibilities of dedicated IPZ staff would include:

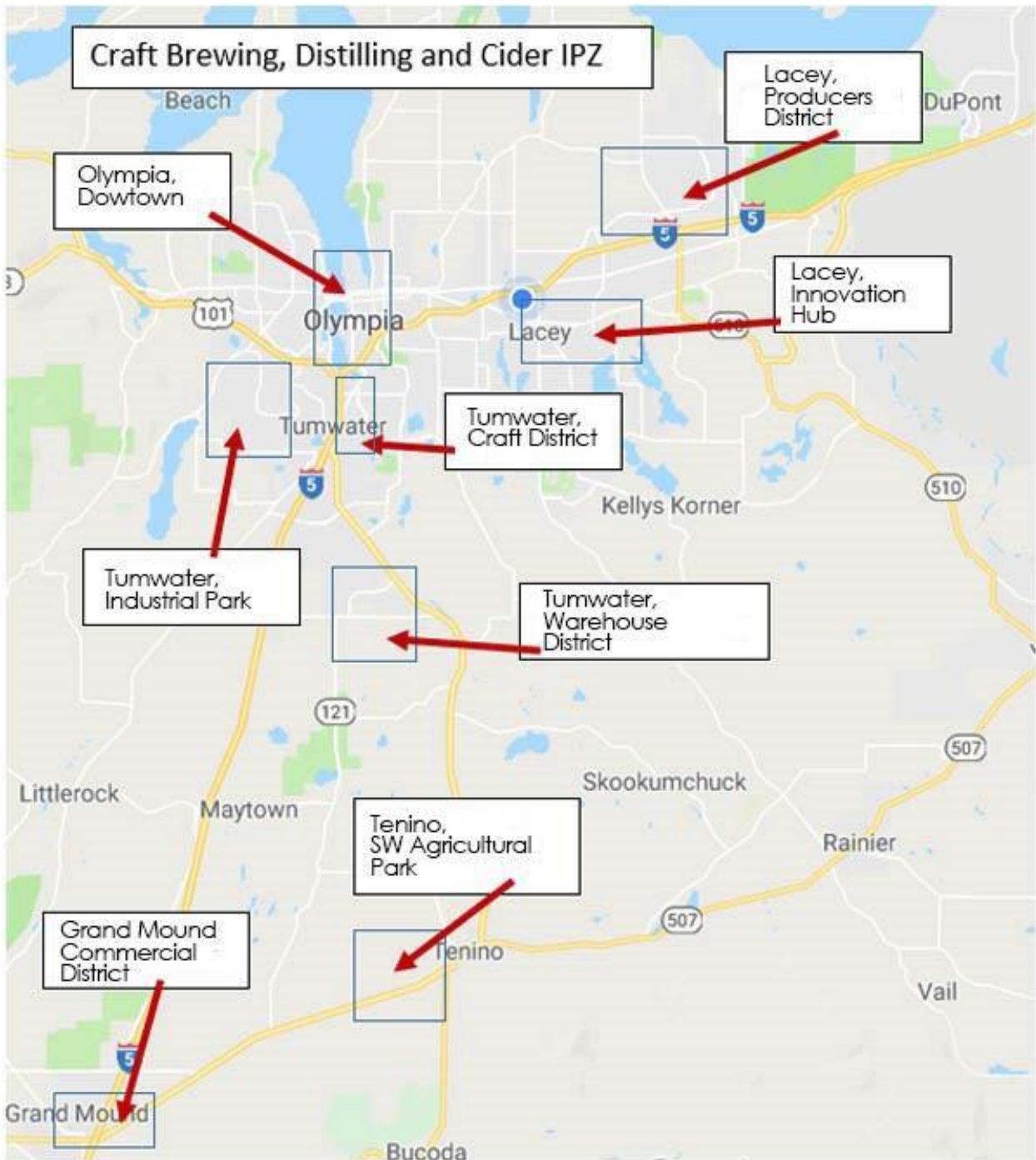
- Working closely with the region's Visitors and Convention Bureau to develop marketing campaigns that work on both a state and national level.
- Coordination of granting opportunities so the region as a whole can make the most of funding that is available.
- Advocating for local initiatives that support locally grown foods and products.
- Connecting new businesses starting, relocating, or expanding to local support industries

Summary

Entrepreneurs that wish to open new craft breweries or distilleries need a wide variety of skills and resources in order to commercialize their ideas. The Thurston Craft Brewing, Distilling and Cider Making IPZ (TBDC) offers a deep support system to these entrepreneurs – one that includes a local supply chain, easy access to major distribution sites, a variety of technical assistance services, and

workforce development support that can empower the entrepreneur to commercialize quickly and successfully.

Welcome to the Thurston Craft Brewing, Distilling and Cider Making Innovation Zone!



Our Partners

Cascadia Grains Conference
City of Lacey
City of Olympia
City of Tenino
City of Tumwater
Confederate Tribes of the Chehalis Reservation
Craft District, LLC.
Grand Mound Commercial District
Northwest Agriculture Business Center
Olympia Brewfest
Olympia- Lacey-Tumwater Visitor and Convention Bureau (VCB)
Pacific Mountain Workforce Development Council
Port of Olympia
South Puget Sound Community College
SW Washington Agricultural Business & Innovation Park
Thurston Bountiful Byway
Thurston Craft Brewing, Distilling and Cider Making Innovation Partnership Zone
Thurston Economic Development Council
ThurstonTalk
Tumwater Artesian Brewfest
Washington State Department of Agriculture
WSU Extension Thurston County

Our Producers

FISH BREWING CO.
HEADLESS MUMBY BREWING
HERITAGE BREWING
HOH RIVER BREWERY
MATCHLESS
NINSAKI BREWING
SANDSTONE DISTILLERY
SCATTER CREEK BREWING
SHOEBOX SPIRITS
SINGING HOPS BREWING COMPANY
STONE CITY BREWING
TART CIDER
THREE MAGNETS BREWING
COMPANY
TOP RUNG BREWING COMPANY

TRICERATOPS BREWING COMPANY
WELL 80 ARTESIAN BREWING
COMPANY
WHITEWOOD CIDER