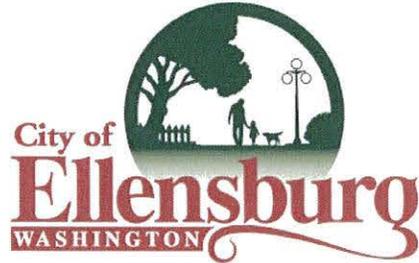


SPECIAL COUNCIL MEETING



Monday, March 23, 2015 – 6:00 p.m.
Council Chambers
501 North Anderson Street**

Agenda Items:

1) Economic Development Discussion

2) Executive Session

No Public Comment will be taken at this meeting.

Public Comment on Non-agenda items is taken during regular meetings of the Council, normally on the first and third Monday of each month.

**** PLEASE NOTE TIME CHANGE**

Agenda Report

Date: March 23, 2015

To: City Council

From: John Akers, City Manager

Re: Economic Development
Policy Discussion



Summary: During development of the 2015/2016 Budget, funding was allocated for continuation of the relationship between the City and the Ellensburg Business Development Authority for economic development assistance services through the end of 2015. As part of the budget discussion Council requested a study session to focus on economic development priorities and determine how best to achieve goals emerging from the economic development discussion.

Background: For many years the City has funded economic development activity using funds transferred from the electric utility into the EURDERF account. This funding supported the City's contract with the Ellensburg Business Development Authority (EBDA). By contract, the EBDA provided economic development business assistance with information and technical support for new and existing businesses, distribution of marketing material information, and other activities to support and enhance economic development activity. With the loss of a dedicated revenue source for economic development, Council enacted utility taxes to replace funds previously available through EURDERF incentives in the RCW that expired in 2011. Council included \$70,000 of this new revenue for support of EBDA economic development efforts in 2015. However, this funding was not authorized in the 2016 budget until Council could discuss and review economic development priorities and provide staff direction on how best to achieve the City's economic development goals.

Findings and Analysis: The City has limited authority granted in RCW 35.21.703 to engage in economic development activity. The statute provides that "It shall be in the public purpose for all cities to engage in economic development programs. In addition, cities may contract with nonprofit corporations in furtherance of this and other acts relating to economic development." Although referenced in the statute, economic development is not defined anywhere in the RCW. Research of the legislative intent of the language in RCW 35.21.70 indicates it was intended to enable cities to join and pay dues to economic development councils and consortiums.

The Washington State Constitution specifically limits the ability to participate financially in private economic development. The Constitution provides that "No county, city, town or other municipal corporation shall hereafter give any money, property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm."

The City's Comprehensive Plan vision for economic development states that "The City of Ellensburg will be proactive in creating a stable, sustainable and diversified economy. The City will encourage business development to address demonstrated market demand and emphasize the creation of family-wage jobs. The economic vision will enable the City and its citizens to achieve economic prosperity while preserving the environment and a high quality of life." A copy of the Economic Development chapter of the comprehensive plan is included as attachment "B" to this report.

Based upon the goals, policies and programs contained in the economic development chapter of the Comprehensive Plan and on the results of months of public discussion leading up to adoption of the plan, the City identified a number of priority economic development programs and projects. Following is a summary of the guidance contained in the Comprehensive Plan.

<u>Project</u>	<u>Description and Goals</u>
Economic development vision and strategic plan	Collaborate with others to prepare an economic development vision and strategy for the region, identifying the types of land use designations and the relative priorities of capital investment necessary to create the type of economic development environment Ellensburg seeks.
UGA adjustment	Review the urban growth boundary and adjust it as necessary in the future to assure adequate land of adequate type is available to implement the recommendations of the economic development vision and strategic plan.
Increase usable industrially-zoned property	Review the industrial land inventory and identify and implement steps within the City's control to make available land more easily developed.
Streamline/automate permitting process	Review land use permitting processes and make adjustments as necessary to streamline approval processes while still ensuring projects enhance Ellensburg's economic vitality and community character.
Airport development strategy	Collaborate with Kittitas County to ensure the airport's development plans contribute to overall economic growth in the region and that Ellensburg's land use plans are compatible with continuing airport and airport-related uses.

In 2009 the Kittitas County Economic Development Group contracted with TIP Strategies, an economic development consulting firm, to prepare strategies for the economic development group. The executive summary from this study has been included as attachment "A" to this report. The entire report can be accessed from the Council folder on the "Forms and Documents" section of the City's website. The TIP Strategies provide an excellent framework of economic development activities, some of which have been implemented. However, much of the implementation requires resources beyond the capacity of the now situated Ellensburg Economic Development Authority, or the City.

Recommendation: Discuss and consider economic development guidance existing in the City's Comprehensive Plan, TIP Strategies, and other initiatives emerging from Council's discussion. Provide staff direction.

Attachment “A”

KITTITAS COUNTY ECONOMIC DEVELOPMENT GROUP
Economic Development Strategic Plan – Release 1.0

CONTENTS

Executive Summary.....	1
Goal 1: Baseline Activities	5
Goal 2: Central Washington University.....	14
Goal 3: Recreational Tourism.....	19
Goal 4: Priority Sectors.....	21
Goal 5: Talent	36
Goal 6: Organizational Considerations.....	42
Economic Assessment	58



EXECUTIVE SUMMARY

The Great Recession – as it is being called – has resulted in the most severe job losses in over a generation. And it is not over. Traditional economic development activities centered on industrial recruitment are unlikely to yield results. Major corporations are continuing to retrench, and their supply base of smaller companies is similarly at risk. Major metropolitan areas (with a few notable exceptions) are seeing unprecedented declines in all economic activity. States are facing severe budget shortfalls. And there are new and severe constraints on cities and counties. These conditions require a different approach to economic development. Recruitment prospects cannot drive economic planning in and out of a major recession.

With this national context in mind, the Economic Development Group of Kittitas County (EDG) engaged Austin-based TIP Strategies (TIP) to prepare a comprehensive economic development strategic plan, or CEDS, for the county. The purpose of the plan is to help the EDG understand their competitive position and to coalesce around a vision for promoting the region. This vision will capitalize on strategic niches for industry and talent recruitment, business retention and expansion, and recreational tourism promotion. As a CEDS, this plan will allow the county to position itself for additional federal economic development funding.

Approach

The EDG staff and leadership guided the writing of this plan. A broad cross-section of citizens and interest groups informed the content, along with a comprehensive data analysis conducted by TIP. Benchmarks reflected counties with similar issues, but with different philosophies for dealing with growth and with economic development. Based on this work, TIP and the EDG assembled a SWOT analysis for the county (strengths, weaknesses, opportunities, and threats), which provided the foundation for this plan.

The following table highlights the results of the SWOT analysis. Broadly speaking, economic development strategies emerge directly from this approach. Weaknesses – even if not directly related to economic development – must be addressed, and strengths must be supported and reinforced. Similarly, threats to the economic well-being of the community

must be anticipated and responded to before they become crises. Opportunities, on the other hand, should be acted upon aggressively and, if possible, collaboratively.

FIGURE 1.1 SWOT ANALYSIS

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> ✓ Geographic location (including proximity to Puget Sound area) ✓ Recreation/outdoor activities ✓ Natural beauty, open space ✓ Climate ✓ Central Washington University ✓ Small-town/rural character ✓ Natural resources ✓ History (including Western history) ✓ Downtowns ✓ Strong population growth ✓ Net gain in commuters and rapid job growth in recent years ✓ Stable international agricultural market for timothy hay ✓ Transportation network and improvements ✓ Gorge Amphitheater 	<ul style="list-style-type: none"> ✓ Renewable and alternative energy ✓ Development of Suncadia Resort ✓ Growth of talent, research, and facilities at CWU ✓ Recreational tourism ✓ Regional professional services and retail ✓ Light industry ✓ Creative arts culture
WEAKNESSES	THREATS
<ul style="list-style-type: none"> ✓ Few industrial and commercial development sites ✓ Lack of economic development resources and incentives ✓ No industrial/trade workforce and skills training provider in county ✓ Industrial energy costs are not competitive with neighboring counties ✓ Relatively small professional services employment base ✓ Retail leakage ✓ Lack of unified county vision ✓ Anti-growth perception ✓ Lack of family wage employment opportunities 	<ul style="list-style-type: none"> ✓ Population growth without accompanying employment growth ✓ Aging population ✓ Economic recession (including housing bubble) ✓ Loss of young talent ✓ Inability to attract new private investment ✓ Lower state funding levels for CWU ✓ Planning and zoning barriers to new investment ✓ Encroachment of residential development on farming lands

151

The Response

Economic vitality is not something to be taken for granted. A county rich in assets does not by itself translate into a vibrant business climate. Sustainability and diversification require close cooperation between private companies, public entities, and entrepreneurs.

The goals and strategies that make up the plan seek to meet the following criteria:

- ensuring economic sustainability (by providing for higher wages, balancing growth and the environment, and ensuring varied employment options),
- providing responsible and creative development opportunities, and
- reflecting the values of the citizens of Kittitas County.

Given the relationship to Puget Sound, and to neighboring central Washington counties, it is clear that issues of growth management (in the broadest sense) dominate discussion. Is growth good for the region? Does it bring stresses we will not be able to manage? Is economic vitality dependent on population increases? These and similar questions cannot help but influence the direction of the plan. Many of the residents of the county have personal experience with the negative affects of unplanned growth. They want to see the values of Kittitas County preserved, while at the same time not wanting wages and job opportunities to stagnate. This is not an easy balance to preserve, but it is certainly the overarching goal.

TIP's definition of economic development guided the planning effort: "the use of public resources to stimulate private investment." This point of view was relevant before the recession, and it is especially relevant now. It argues on behalf of public investment that fuels tangible results – results tied to the willingness of private sector companies, developers, and individuals to commit to the county.



KITTITAS COUNTY ECONOMIC DEVELOPMENT GROUP
Economic Development Strategic Plan – Release 1.0

The goals that follow are in priority order. Strategies and action items are outlined for each goal, while specific tasks are included in the implementation portion of the study.

Goal 1 > Formalize and enhance baseline economic development activities.

Goal 2 > Support and leverage Central Washington University for economic development.

Goal 3 > Build on recreational tourism opportunities in the county and surrounding region.

Goal 4 > Focus on priority sectors.

Goal 5 > Implement talent development, retention, and recruitment strategy.

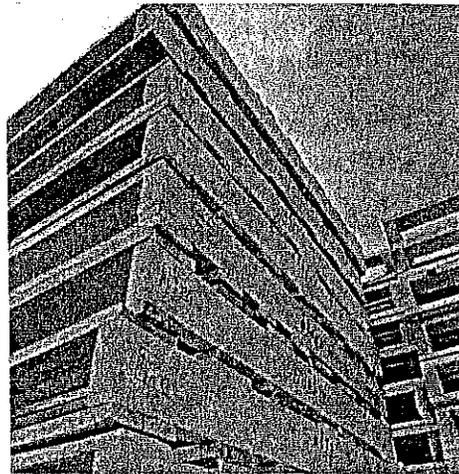
Goal 6 > Address organizational and marketing considerations.

The findings and recommendations outlined in this plan should serve as a framework for making investment decisions, and for providing guidance in growth that is both realistic and sustainable. Some issues raised in the plan affect other organizations and will require a coordinated approach. These issues are raised here — even though they may be outside the direct purview of the EDG — because we view them as central to the county’s economic future.



Attachment "B"

8 Economic Development



8 Economic Development

This chapter illustrates Ellensburg's existing economic patterns and potential economic opportunities. Much of this chapter's material is based on the 2000 Census and the market study prepared as part of this plan update. That market study provides an in-depth assessment of the characteristics and anticipated demand for commercial and industrial land. This plan provides policies and programs to help Ellensburg build a promising economic future. Economic development strategies can strengthen the community's position as a unique, established, and attractive place to work, reside and visit.

This chapter looks at Ellensburg as an economic machine, composed of different and interrelating economic components. It describes sectors of economic activity and outlines how Ellensburg functions within its region. It identifies strategies to improve local economic development, describing the things Ellensburg can do to capitalize on current market trends and demands and take advantage of its surroundings, human resources, heritage and institutions.

Ellensburg was settled before the turn of the century as a point of trade, collecting resources from the surrounding fields, mountains and forests and shipping them off to other locations for packing, processing or milling. A secondary, or "service," sector of

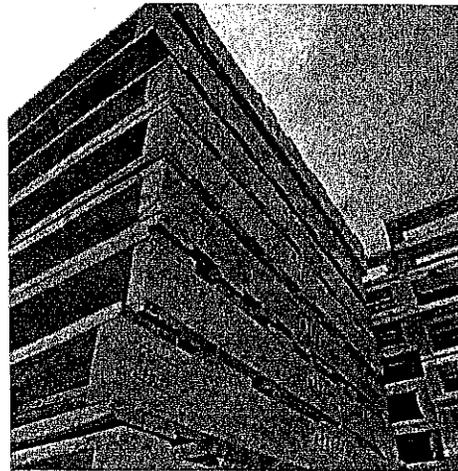


Figure 8.1 - Growth and demographic trends are forcing Ellensburg to re-think many of its traditional economic strategies; in 2006, the community is at an important crossroads. (Image source: Studio Cascade, Inc.)

financial institutions, retail, housing and professional offices grew and diversified to serve the primary, or “basic,” sector geared for resource export. Though Ellensburg lost its bid to become the state capitol in 1889, it was awarded the normal school that later became Central Washington University.

Ellensburg’s economy is now less dependent on the natural and agricultural resources surrounding it. Many of Ellensburg’s residents work at the university, at Kittitas Valley Hospital, in professional office environments, in service sector businesses, or for the government sector. Many also leave Ellensburg for their jobs; make regular commutes to Yakima, or, in some cases, to cities west of Snoqualmie Pass. Ellensburg’s businesses have also evolved, relying less on industrial production and more on retail and service commercial trade to support the community’s residents. The days of Ellensburg’s classical export-based economy are gone.

However, Ellensburg remains a center for trade in Kittitas County. It offers services for local residents and the financial, religious and educational institutions that serve an area much larger than what is within city limits. It remains a “central place,” retaining a diversity of activities that serve more people than those who reside in Ellensburg. Understanding this role is one of the first steps in crafting the community’s economic development policy.

Household Income

Ellensburg incomes reported in 1999 were low. The reported median household income in the 2000 Census was \$20,034, less than one-half the reported median household income in Washington. (*Table 8.1*) This may be due, in part, to the large percentage of Ellensburg’s population who are students.

This plan’s market study provided a household income projection derived from other data (*Claritas. 2004 Household Trend Report for Kittitas County*) that indicates continued growth in Kittitas County household income through 2009. The data also include both a median income and a mean income, illustrating the “student effect” on median household incomes and, perhaps, a more accurate depiction of Kittitas County’s household income. Annual median household income is expected to increase \$8,205 from \$32,644 to \$40,849 by 2009. (*Table 8.2*)

Table 8.1 – Household Income, Ellensburg, 1999

	Ellensburg		Kititas County		Washington State	
	Hsehlds	%	Hsehlds	%	Hsehlds	%
Less than \$10,000	1,592	25.5	2,173	16.2	171,863	7.6
\$10,000 to \$14,999	1,006	16.1	1,414	10.5	124,848	5.5
\$15,000 to \$24,999	971	15.5	1,802	13.4	265,131	11.7
\$25,000 to \$34,999	793	12.7	1,718	12.8	284,630	12.5
\$35,000 to \$49,999	721	11.5	2,063	15.4	389,434	17.1
\$50,000 to \$74,999	727	11.6	2,271	16.9	486,392	21.4
\$75,000 to \$99,999	287	4.6	994	7.4	264,498	11.6
\$100,000 to \$149,999	64	1.0	595	4.4	188,513	8.3
\$150,000 or more	92	1.5	375	2.8	96,952	4.3
Median household income (dollars)	20,034		32,546		45,776	

Source: US Census 2000

Table 8.2 – Expected Income Growth, Kititas County, 2000 – 2009

Income Range	2000		2004		2009		2000-2009	
	Hsehlds	%	Hsehlds	%	Hsehlds	%	Change	%
Less than \$15,000	3,587	27	3,486	24	3,277	21	-310	-9
\$15,000 - \$24,999	1,802	13	1,871	13	1,988	13	186	10
\$25,000 - \$34,999	1,718	13	1,659	12	1,584	10	-134	-8
\$35,000 - \$49,999	2,063	15	2,089	15	2,289	15	226	11
\$50,000 - \$74,999	2,271	17	2,444	17	2,549	16	278	12
\$75,000 - \$99,999	994	7	1,343	9	1,563	10	569	57
\$100,000 - \$149,999	595	4	919	6	1,456	9	861	145
\$150,000 - \$249,999	278	2	328	2	481	3	203	73
\$250,000 - \$499,999	83	1	155	1	213	1	130	157

Table 8.2 – Expected Income Growth, Kittitas County, 2000 – 2009

Income Range	2000		2004		2009		2000-2009	
	HsehlDs	%	HsehlDs	%	HsehlDs	%	Change	%
\$500,000 or more	14	0	38	0	83	1	69	493
Total Households	13,405		14,332		15,483		2078	
Median Household Income	\$32,644		\$36,080		\$40,849		\$8,205	
Mean Household Income	\$45,941		\$50,357		\$57,849		\$11,908	

Source: Claritas. 2004 Household Trend Report for Kittitas County

Employment Growth and Distribution

Ellensburg’s employed population is divided by class of worker in a way not entirely consistent with state averages (*Table 8.3*). A greater percentage of workers are employed in the government sector, with a smaller percentages employed in both the self-employed and private wage and salary classifications. This is consistent with CWU’s prominence in the community, and it suggests that there is room to grow in Ellensburg’s private employment sectors.

In the market study for this comprehensive plan update, four primary findings concerning employment growth and distribution are made:

- Population in Kittitas County grew at an average rate of 2.1% per year from 1990 through 2003, substantially higher than the average rate of 0.7% per year experienced in the 1980’s. Population growth in Kittitas County lagged behind the rate in Washington in the 1980’s, but it has been above the state rate since 1990
- Total covered employment in Kittitas County grew at an average rate of 2.5% per year during 1990 through 2003, slightly faster than population in the same period. Population and employment growth tend to grow at similar rates. Employment growing faster than population may indicate a decrease in unemployment, an increase in the labor force participation rate, or increased level of workers commuting from outside of Kittitas County
- Population in Kittitas County is expected to grow at an average annual rate of 0.6% (low), 1.3% (intermediate), or 1.8% (high) during the 20 years from 2005 to 2025

- Employment in Kittitas County is expected to grow at an average annual rate of 1.4% during the ten years from 2002 to 2012

Employment in Kittitas County may continue to grow slightly faster than population as it has since 1990, or it may grow slightly slower than population growth if the labor force participation rate declines due to an aging population. Given the range of growth rates in the state’s population forecast for Kittitas County over the 2005 – 2025 period, this suggests employment growth at a rate of 0.5% to 2.0% per year over the next 20 years. The low end of this range, however, is unlikely to occur unless the US or Washington State experiences a severe economic recession. While this scenario is possible, it is unlikely and not a useful scenario for planning purposes. Given the range of forecast population and employment growth rates, a range for total employment growth in Ellensburg of 1.0% to 2.0% per year appears reasonable.

Of this growth, the study forecasts that the share of employment in public education will decrease as employment at CWU grows more slowly than employment in other sectors. Office and commercial sector employment should increase in share to reflect a growth in services as Ellensburg’s population increases. Industrial and retail commercial are expected to retain their current share of total employment. Compared to Washington State as a whole, Ellensburg has a lower share of employment in industrial uses (15% compared to 25%) and a higher share of employment in retail commercial (20% compared to 12%).

Total employment in Ellensburg may grow by 1,900 to 4,200 during the next 20 years.

Table 8.3 – Class of Worker - 2000

	Ellensburg		Kittitas County		Washington State	
	Number	%	Number	%	Number	%
Private Wage and Salary Workers	4,188	60.5	9,857	63.6	2,125,029	76.1
Government Workers	2,338	33.8	4,239	27.3	459,722	16.5
Self-employed workers in own not incorporated business	380	5.5	1,346	8.7	199,827	7.2
Unpaid family workers	18	0.3	67	0.4	9,144	0.3

Source: US Census 2000

Economic Development Vision

The City of Ellensburg will be proactive in creating a stable, sustainable and diversified economy. The City will encourage business development to address demonstrated market demand and emphasize the creation of family-wage jobs. The economic vision will enable the City and its citizens to achieve economic prosperity while preserving the environment and a high quality of life.

Economic Development Strategy

Ellensburg's market area is much larger than the actual community boundary. The Kittitas Valley is Ellensburg's primary market area, with the secondary market area extending west to the Upper County, south to the Manashtash Ridge, east to the Columbia River and north to Mission Ridge. Given its position in the heart of its market area and its adjacency to I-90 and I-82, Ellensburg appears well suited to develop as an economic powerhouse.

Ellensburg residents want more local jobs. The City can meet the need for additional employment opportunities by focusing on employment sectors that are most likely to locate in Ellensburg and making the changes necessary to attract businesses within those economic sectors.

Multiple recent economic studies have shown that there is demand for regional retail businesses in Ellensburg. Currently, residents leave the City and Kittitas County to patronize regional retail businesses in other jurisdictions. As population growth continues, the amount of retail leakage that the City and County experience will increase, unless concerted efforts are made to capture spending from local residents currently benefiting jurisdictions outside Ellensburg. Attracting regional retail to Ellensburg would increase the City's tax base and diversify and fortify the local economy.

The market study commissioned as part of this planning process strove to identify the additional amount of land that may be needed for industrial and commercial development, but its target area ranges were very wide. The study indicated that Ellensburg may need anywhere from zero to more than 300 additional acres for industrial development. The study found that it was difficult to estimate accurately what would be needed because the community had not yet developed a coherent economic development vision or strategy. As the report states:

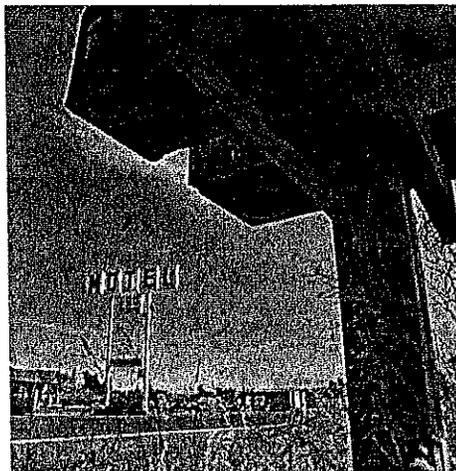


Figure 8.2 - Market studies show demand for more retail options in Ellensburg; land at the I-90 west and south interchanges offer ample space for developing regional retail. (Image source: Studio Cascade, Inc.)

“In summary, the City faces some difficult choices. Having a clear economic development vision, supported by a viable strategy, is the best way to get what the City wants. There are many possible economic futures for Ellensburg. Many of the factors that will determine that future are outside of the City’s control...But the City of Ellensburg does have some control over many factors that will affect the type, rate and location of growth in the City over the next 20 years. It can adopt policies that affect the amount and price of land, and quality and price of public utilities, and incentives and charges to businesses for building and operating in the City. The challenge for the City is to decide on a future that is not only desirable, but that is also possible given the factors that constrain it.”

Light industrial development would be very beneficial to Ellensburg’s economy. The Economic Development Group of Kittitas County has established an inventory of industrial land to identify available sites for industrial development and job creation, but there has been little success in landing major industrial users in the community because none of the industrially zoned property is ready for a tenant. There is a lack of developable industrial land in Ellensburg and Kittitas County in general. The private sector has been unwilling or unable to provide adequate industrially zoned property with infrastructure in place to allow for industrial development. Much of the currently zoned industrial land lies in the flood plain or contains wetlands, or may have both constraints. Without a port district, the City is the logical entity to develop a public light industrial park and work with the County to encourage more industrial development near the airport. Such a successful development by the City and County may entice private property owners to follow suit and develop their property.

In addition to focusing on attracting industrial development and regional retail the City can also make some policy and procedural changes that will make Ellensburg more attractive to businesses.

Companies looking to relocate or expand consider a variety of issues before deciding on a location. One of the prime considerations is how soon the company can be up and running. Often, permitting time will greatly exceed the time it takes to actually construct or remodel a facility. The City needs to be proactive in establishing a regulatory environment that is business-friendly in terms of processing time and consistency of process. In order to compete with other communities in the state, Ellensburg must have a clear, easy to understand permitting process and give companies a reasonable expectation of the time required to process necessary permits. Having a business-friendly regulatory environment will make the City more attractive and competitive in its efforts to bring family wage jobs to the community.

While available property and an adequate labor force are at the top of the list of criteria sought by businesses looking to relocate, financial and other incentives rank immediately

behind them in the site selection process. The State offers a number of incentives but also provides the ability for local government to offer additional incentives. Kittitas County is at a distinct disadvantage because it lacks a Port District to provide funding and infrastructure. The City should consider establishing incentives to retain existing and attract new businesses that provide family wage jobs.

Ellensburg can stimulate local economic development successes by emulating the strategies used in other communities. It takes work, but the following steps can help the community improve its chances for prosperity:

- Focus on strengthening and diversifying the local economy and meeting demonstrated market demand; for example, by encouraging additional retail business
- Promote the retention and expansion of existing businesses
- Encourage and nurture new business development of all sizes
- Create economic incentives to reduce start-up costs and/or risks for businesses that provide family-wage jobs
- Pre-permit property to reduce time for a business to be up and running
- Support innovative programs to develop a highly qualified labor force
- Stimulate industrial development through public investment
- Create a permitting process that is predictable and efficient



Figure 8.3 – Re-developing the downtown core as a service, entertainment and retail destination may help revitalize vacant or underutilized properties within the Central Commercial zones. (Image source: Tom Pickerel, participant)

Issues

Extensive public participation and the project market study helped define and clarify the various economic development issues listed below. Each is addressed in the goals, policies and programs that follow.

Issues	Goal Reference
Central Washington University is located in Ellensburg, with almost 10,000 students forecast to be attending the university by 2025. The current supply and variety of employment is not providing opportunities for graduating students to remain in Ellensburg	ED-4
The 100-year flood plain impacts a large area of the community, making development of much of Ellensburg's industrial land challenging and expensive	ED-2
Ellensburg is the County seat, and, as such, has an abundance of civic and economic activity derived from Kittitas County residents and businesses	ED-2
Many Downtown Historic District buildings are either vacant or partially vacant, with approximately 20% of the available street-level retail space and almost 80% of the space above the first floor unoccupied	ED-5
Ellensburg residents desire large-scale regional retail shopping options and have been traveling to areas outside of Ellensburg to satisfy that demand. Multiple property ownerships and parcel configurations in the CBD act as barriers to large-scale redevelopment or to reconfiguration of the commercial and industrial districts to accommodate large retail users. In order to capture retail spending that is currently leaving Ellensburg, the City needs to designate appropriate land for "regional retail" uses	ED-1 ED-2
Fiscal health is important to the City's ability to continue providing police, fire, emergency medical, library, and other public services to the community, and revenues are not increasing at the same rate as Ellensburg's population. Certain types of uses provide more financial benefit than others. For every dollar in taxes paid, residential land use requires \$1.15 to \$1.50 of local government services. For every dollar in taxes paid, commercial/industrial land use requires 35¢-65¢ of local government services. For every dollar in taxes paid, open space/agricultural land use requires 30¢-50¢ of local government services. A financially healthy community needs to maintain a mix of land uses	ED-3
World economics will continue to impact local agriculture. Smaller farms will find it more difficult to compete on a global scale, and, despite an increasing emphasis on local reliance, many additional acres of farmland will shift from farm use to abandonment, or will be developed for residential or industrial uses	ED-7

Economic Development Goals and Policies

This chapter provides one (1) preferred economic development scenario and vision that reflects comments and determinations made during this plan update process. Ellensburg citizens are most concerned with the provision of jobs in the community and with the City's ability to continue providing services to maintain the community's quality of life. Residents want to be able to earn more per household to be able to afford to buy into the community's housing market, and they want to be able to earn enough to be able to stay in-town. Residents also want to be able to shop in Ellensburg and enjoy the economic benefits that an increased retail tax base would provide.

While it is nearly impossible to predict what specific businesses will develop in the community, it is possible to create an environment that encourages the types of enterprises the community would like to see. These economic development goals, policies and programs are designed to work in concert with the plan's other elements to help stimulate a productive and sustainable economic development environment.

In addition, the City has adopted an Energy Efficiency and Conservation Strategy (EECS) that contains a number of goals related to the City's continued efforts to reduce overall energy consumption, thereby fostering cost savings, economic development, and long term sustainability. That EECS is hereby incorporated by reference in the Comp Plan.

The following table provides the goals, policies and programs that will help the City implement its Economic Development strategies. The programs are intended to be specific and task-oriented, allowing the City Council and City Manager to assign responsibility to various staff members or commissions for completion. Systematic undertaking and completion of the various programs will ensure that policies are implemented and will help achieve plan goals.

Goal ED-1 - Incorporate economic development strategies as an integral part of Ellensburg's vision and implementation plan for a balanced and sustainable community

Policy		Program	
A	Coordinate with local organizations to implement successful economic strategies	1	Develop and implement a strategic economic development plan with representatives from the industrial sector, transportation, agriculture and education
		2	Coordinate with Economic Development Group to recruit new businesses and update the list of target industries for Ellensburg

Goal ED-1 - Incorporate economic development strategies as an integral part of Ellensburg's vision and implementation plan for a balanced and sustainable community

Policy		Program	
		3	Establish strong relationships for cooperation and collaboration between - and improved communication among - the business community, economic development boards, university, hospital, and local government
B	Integrate economic strategies into other aspects of community planning	1	When evaluating future locations for particular land use districts, consider the market needs of the types of businesses likely to locate in those districts (i.e. trip counts, visibility, etc.) in addition to other community considerations (i.e. compatibility with surrounding land uses, impact on infrastructure, etc.)
		2	Monitor the impact of community planning actions on the City's economic goals and objectives
		3	Identify parties responsible for implementing the City's economic development strategies and annually monitor the success of those strategies

Goal ED-2 - Stimulate and diversify Ellensburg's economy

Policy		Program	
A	Promote the retention and expansion of existing businesses as well as the development of new businesses	1	Solicit comments and feedback from local businesses on things that the City could change to better support local businesses
		2	Establish financial and other incentives to retain existing and attract new businesses
		3	Market to a variety of business -

Ellensburg Comprehensive Plan – 2006 Update (Amended Thru 2014)

Goal ED-2 - Stimulate and diversify Ellensburg's economy

Policy		Program	
			both large and small - that fit with Ellensburg's character and meets the needs of the local market
		4	Inventory vacant building space in Central Commercial zones and post on the City's web site
		5	Facilitate the creation and expansion of businesses and institutions that benefit from locating in the County seat
		6	Promote the development of innovative niche businesses
B	Establish a business friendly regulatory environment	1	Provide adequate resources to process permits in a timely fashion. Pursue an automated permitting process to allow on-line applications for some permit types
		2	Streamline permitting by establishing a one-stop permit center for all permits and establishing an expedited permit process for some projects
		3	Encourage the use of the pre-application process as a means of identifying potential obstacles to the development of a particular site
		4	Establish predictable processing times and consistent review processes
C	Encourage development of light industrial uses within the City of Ellensburg	1	Develop City-owned property off Dolarway for a light industrial park
		2	Continue to partner with Kittitas County on development of the Kittitas County Industrial Park at

Goal ED-2 - Stimulate and diversify Ellensburg's economy

Policy	Program
	the Airport
	3 Consider developing another incubator project
	4 Coordinate with the Economic Development Group to develop business plans for value-added industry
	5 Identify strategies to mitigate constraints imposed by the flood plain on industrial land, and to minimize negative connotations of being designated within the 100-year flood plain
	6 Encourage pre-permitting of industrial property by deferring fees until the property is developed

As export-based economies shrink, the service sector established to serve them also shrinks, sometimes losing its diversity as the market gets smaller. Ellensburg has been able to retain its service sector diversity despite the downturn in basic industry. There is no single-source directory, however, to encourage a “buy local” program. As Ellensburg seeks to enrich its commerce sector, it will promote local businesses more actively and provide accommodations for their visitors. Ellensburg will encourage a more entrepreneurial culture, supporting existing and start-up businesses as they explore new markets.

The community noted during the participation process that they wanted to see more jobs in Ellensburg. People want to work in the town in which they live, go to school, and shop. The trick will be to match job creation and skills development, coordinating with local industry and local educational institutions to develop effective job training programs.

Goal ED-3 - Grow the local economy and tax base in a manner that supports the desired level of municipal services for the community

Policy		Program	
A	Ensure an adequate tax base to provide desired municipal services to the community	1	Establish targets for land use development that provide for a balance between tax receipts and demand for services
		2	When tax receipts are out of balance because of land development trends, consider providing incentives to promote a particular type of development that is under-represented or impact fees to discourage a particular type of development that is over-represented
		3	Provide a balance between residential, commercial and industrial zoning that includes provisions for regional retail and mixed-use residential
B	Establish regulations that balance growth with the need for additional services	1	Establish fees for community services, where possible, in an attempt to recover the cost of providing the service
		2	Evaluate development projects for concurrency with transportation and other infrastructure needs

Goal ED-4 - Grow and sustain a qualified workforce

Policy		Program	
A	Enhance employment opportunities for Ellensburg's citizens	1	Consider public/private sponsorship of entrepreneurial education programs
		2	Provide organizational partnerships that focus resources toward upgrading the

Goal ED-4 - Grow and sustain a qualified workforce

Policy		Program	
			employability of all citizens
B	Encourage continued growth and academic excellence at CWU	1	Coordinate with the university to increase the amount of student housing in the Downtown Historic District, enabling students to have their living experiences enhance their academic experiences
		2	Coordinate with the university to shape local economic development strategy
		3	Work with local businesses and CWU to evaluate opportunities for creating entry-level jobs for university graduates
		4	Encourage the development of a business research park
		5	Encourage student internship programs with local businesses

Ellensburg’s Downtown Historic District is the heart of the community and will continue to be the intuitive seat of its economic development. Maintaining the Central Commercial zones economic viability and heritage character will help the entire community prosper, even if more intense commercial or industrial businesses develop along the community’s highway corridors.

Goal ED-5 - Revitalize the Central Commercial zones

Policy		Program	
A	Promote access from Interstate 90 and create a desire to stop within the central business area of Ellensburg	1	Develop a corridor plan for Canyon Road, Main Street, University Way, and Dolarway through Ellensburg
		2	Develop a wayfinding system to local businesses, city parking and pedestrian paths

Goal ED-5 - Revitalize the Central Commercial zones

Policy		Program	
		3	Encourage and support cultural activities and the arts
		4	Consider a retail incubator in the Central Commercial zones
B	Ensure the adequacy and appropriate expansion of utilities and infrastructure	1	Inventory the capital facilities of the City and develop a prioritization matrix ranking needed projects
		2	Study provision of limited public transportation service to support job development in the Central Commercial zones
		3	Dedicate a portion of increased sales tax revenues from regional retail development to Central Commercial zone revitalization efforts

Tourism is an important component of Ellensburg’s economy. The Kittitas County Fairgrounds, Mission Ridge, Columbia River and Wenatchee National Forest are prominent tourist destinations, and Ellensburg sits in close proximity to each. These regional tourist amenities draw thousands of people through Ellensburg. The City is now working to find ways to benefit from that recreational traffic, developing a tourism study concurrent with this plan’s adoption.

Goal ED-6 - Promote and sustain a robust tourism base

Policy		Program	
A	Promote Ellensburg’s tourism opportunities through advertising	1	Advertise to interested demographics at the regional, national, and international level
		2	Keep detailed and updated website including chamber, city, tourism, and local business links
		3	Develop a welcome center
		4	Promote Ellensburg’s role as a

Goal ED-6 - Promote and sustain a robust tourism base

Policy		Program	
			gateway to regional recreation activities
B	Market Ellensburg's central meeting areas	1	Identify areas where regional tourism-based enterprises can meet and use community spaces and resources
		2	Coordinate with current tourism development efforts to define specific marketing strategies
C	Develop tourism based rental opportunities	1	Create zoning for short-term tourism rental property in the Central Commercial zones, including bed and breakfasts, hotels, apartments, and private rooms

Though the traditional resource-based industry has declined, Ellensburg is still positioned to benefit from what remains. It has a heritage worth celebrating and an active agricultural sector with potential to explore and succeed in niche markets.

Goal ED-7 - Recognize the vital role of resource based activities

Policy		Program	
A	Incorporate the resource industries into local activities.	1	Invite the farmers market to participate in economic development meetings and the Main Street Program (Ellensburg Downtown Association).
		2	Create opportunities for celebration of farming and ranching during local community celebrations.

Ellensburg can continue to strengthen its position as the central place in the Kittitas Valley, offering an ever-widening circle of retail, institutional and employment activities as it grows. It will need to build on its central place position, however, continuing to monitor changes in the economic and social needs of the county's population and

striving to meet those needs. Some of that work will involve a strategic and comprehensive assessment to determine how the regional highways that lead into and divide the community can be used to Ellensburg’s best advantage.

Goal ED 8 - Foster resource sustainability and economic development through energy efficiency and the use of renewable energy.

Policy		Program
A	Maintain City leadership role in energy conservation and renewable energy production.	1 Maintain electric and gas utility conservation and weatherization programs for industrial, commercial and residential customers.
		2 Continue to make energy-saving improvements to city buildings and infrastructure.
		3 Continue to demonstrate solar, energy systems at the Community Renewables Park. Complete the Smart Grid grant Demonstration Project.
B	Ensure City codes and policies foster energy conservation and the production of renewable energy.	1 Streamline permitting processes to enable implementation of sustainable building practices.
		2 When drafting policy, consider the impact on energy efficiency, conservation and renewable energy production.
C	Create community-wide opportunities for energy conservation and renewable energy production.	1 Encourage and consider opportunities to partner with local businesses, educational institutions, and other local partners to conduct workshops and community action campaigns.
		2 <u>Consider providing incentives and flexibility in permitting to encourage conservation and use of renewable energy technologies.</u>
		3 Provide technical assistance to

Goal ED 8 - Foster resource sustainability and economic development through energy efficiency and the use of renewable energy.

Policy		Program	
			local businesses and residents who wish to implement conservation and renewable energy and waste reduction technologies and strategies.
D	Maximize the benefits of existing Tier 1 power pricing.	1	Consider alternative pricing strategies to provide additional incentive to conserve or shift energy, specifically during periods of peak demand.

Priority Projects

Based on the goals, policies and programs contained in this chapter and on the results of months of public discussion, the City identified the following as priority economic development projects for work in the immediate future.

Project	Description and Goals
Economic development vision and strategic plan	Collaborate with others to prepare an economic development vision and strategy for the region, identifying the types of land use designations and the relative priorities of capital investment necessary to create the type of economic development environment Ellensburg seeks.
UGA adjustment	Review the urban growth boundary and adjust it as necessary in the future to assure adequate land of adequate type is available to implement the recommendations of the economic development vision and strategic plan.
Increase usable industrially-zoned property	Review the industrial land inventory and identify and implement steps within the City's control to make available land more easily developed.
Streamline/automate permitting process	Review land use permitting processes and make adjustments as necessary to streamline approval processes while still ensuring projects enhance Ellensburg's economic vitality and community character.
Airport development strategy	Collaborate with Kittitas County to ensure the airport's

development plans contribute to overall economic growth in the region and that Ellensburg's land use plans are compatible with continuing airport and airport-related uses.
