

2010 Comprehensive Plan Map and Text Amendments

Docket 10-09

Item No.	Project Name	Brief Description of Suggested Amendment	Who Suggested Amendment	Staff Lead	Staff Recommendation
10-09	Adoption by Reference of the EDG of Kittitas County's Economic Development Strategic Plan	Adopt plan by reference as a part of County Comprehensive Plan	County Staff	Jeff Watson	Adopt by reference with conditions the Economic Development Strategic Plan

Kittitas County Community Development Services has prepared proposed text amendments to the Comprehensive Plan. These amendments were docketed by CDS prior to the June 30th docketing deadline.

If you are viewing this document in digital form, either on the web or in PDF format on an internet connected computer:

[Click this link to open the Economic Development Strategic Plan document](#)

This will access the Economic Development Strategic Plan on the Community Development Services web page through your computers web browser.

Proposed text amendment language:

10.5 Economic Development Strategic Plan

The Economic Development Strategic Plan was prepared by TIP Strategies and the Economic Development Group of Kittitas County in 2009. Under the guiding principle of "the use of public resources to stimulate private investment", the purpose of the plan is to help the Economic Development Group of Kittitas County and policy makers at all levels of government understand their competitive position and to coalesce around a vision for promoting the region. By utilizing a strengths, weaknesses, opportunities, and threats (SWOT) analysis approach, the plan identified and addressed strategic goals, policies and objectives for policy makers and administrative

personnel to apply in decision making processes to advance and enhance the economic vitality of Kittitas County. The EDSP drew input from a broad cross section of citizens and interest groups, and has been formally endorsed by Kittitas County, the City of Ellensburg, the City of Cle Elum, the City of Roslyn, the City of Kittitas, the Ellensburg Chamber of Commerce, and the Cle Elum Chamber of Commerce. The findings and recommendations outlined in the plan are designed to serve as a framework for making investment decisions, and for providing guidance in growth that is both realistic and sustainable. In addition the plan also provides a comprehensive depiction of the socio-economic and demographic status of the county and its relationship to other counties, both regionally and nationally.

The 2009 version of the Economic Development Strategic Plan is adopted by reference into this comprehensive plan subject to the following limitations.

- The Economic Development Strategic Plan is adopted as a reference document to be used by Kittitas County as an aid in land use, capital facilities, and public policy discussions, and by members of the public wishing to propose projects, pursue grants for projects, or propose agreements with landholders.
- The Economic Development Strategic Plan may be used as a part of the Kittitas County Capital Facilities plan for purposes of utilizing real estate excise tax (REET) proceeds for acquisition or expansion of recreational infrastructure.
- Non-compliance or inconsistency with the Economic Development Strategic Plan shall not be considered noncompliance or an inconsistency with the comprehensive plan or the GMA; nor may any noncompliance or inconsistency with the Economic Development Strategic Plan be a basis for appeal of any land use or public policy decision made by Kittitas County.
- The Economic Development Strategic Plan shall not be used as evidence of use of property in an action for prescriptive easement or adverse possession.

The following Goals, Policies, and Objectives (GPOs) from the Kittitas County Comprehensive Plan should be considered:

- GPO 2.1 The maintenance and enhancement of Kittitas County's natural resource industry base including but not limited to productive timber, agriculture, mineral and energy resources.
- GPO 2.2 Diversified economic development providing broader employment opportunities.
- GPO 2.5 Kittitas County should encourage residential and economic growth that will minimize the costs of providing public utilities and services.

- GPO 2.7 Kittitas County will cooperate with the private sector and local communities in actively improving conditions for economic growth and development.
- GPO 2.10B The County may develop study areas, either county wide or specific geographic locations for analysis and implementation of a variety of planning techniques and tools including but not limited to subarea plans, zoning designations, design standards and development requirements.
- GPO 2.32 Public Access: Shoreline dependent recreational activities are of significant importance to the citizens of Kittitas County. A public access system should facilitate movement to public shoreline areas without compromising the natural features of the shoreline. Public access to public areas shall in no way limit or lessen any private landowner's right to prevent trespassing. It is a goal, therefore, of our County to develop a network of well planned and maintained public access areas located on publicly owned shorelines, to purchase additional shoreline property when feasible and to encourage a provision of public access in all future public land shoreline development. Intrusions created by such public access should not have detrimental effects on fragile natural features, endanger life, or infringe upon the rights of private property owners.
- GPO 2.107A Designate sufficient available land for specialized commercial uses that are by their nature compatible with residential, agricultural, recreational, and other general land use types.
- GPO 2.108 Location of Industrial Land. There should be sufficient industrial land in the county located in areas convenient to utilities, fire protection and to major transportation facilities (air, rail, freeway). Industrial developments may be permitted beyond urban growth areas.
- GPO 2.109A Designate sufficient available land for specialized industrial uses that are by their nature compatible with residential, agricultural, recreational, and other general land use types.
- GPO 2.109C Encourage an adequate inventory of developable property to accommodate the siting of new, and the expansion of existing industrial uses.

- GPO 2.109D Identify areas where mixed commercial and industrial uses can be sited if compatibility is evident.
- GPO 2.109B Promote industrial development within the UGAs by encouraging infrastructure improvements and new business recruitment.
- GPO 2.124 Create a growth management agricultural advisory council comprised only of agriculture producers to review and make recommendations to the Board of County Commissioners on at least an annual basis over the coming 20 years on: a. the status of agriculture in Kittitas County, b. county agriculture policies and regulations, c. local agriculture marketing and economic planning, and d. review and make recommendations regarding zoning and development regulations.
- GPO 4.1 To develop and maintain a safe, efficient and environmentally sound multi-modal transportation system in accordance with local, state, and federal requirements.
- GPO 4.2 Kittitas County shall promote a variety of transportation modes through the selection of transportation improvement projects and review of development proposals in the Urban Growth Areas, by considering alternative modes when reviewing development applications, incorporating multiple modes into transportation improvement projects, and by establishing development standards to support the use of alternative transportation modes.
- GPO 4.22 To provide a transportation system, which supports economic growth and vitality by developing policies related to capital improvements to support economic development.
- GPO 5.25 Kittitas County shall consider recreation needs and the services, which the County is able to provide by developing a countywide recreation plan in coordination with other agencies and jurisdictions within Kittitas County. Recreation opportunities and facilities include, but are not limited to parks, trails, river access, public lands access, campgrounds and picnic facilities.
- GPO 5.57 Integration and Implementation. The County shall develop, adopt and use implementation programs which integrate its land use planning and decisions with its planning and decisions for public facility capital improvements.

- GPO 8.23 Kittitas County will continue to explore incentives for farming and ranching to continue as significant land uses.
- GPO 8.27 Kittitas County should cooperate in sound voluntary farm conservation or preservation plans.
- GPO 8.40 Limited-dispersed rural business activities (LD-RBA's), not necessarily resource based, including but not limited to: information, legal, office and health services, arts and crafts, clothing, small manufacture and repair, may be located as an overlay zone in all rural areas.
- GPO 8.42 The development of resource based industries and processing should be encouraged.
- GPO 8.43 To increase commercial, industrial, recreational and tourist opportunities, the County should consider the establishment of areas of more intensive rural development, according to RCW 36.70A.070(5)(d).
- GPO 8.45 The County should consider major industrial development in the rural areas according to RCW 36.70A.365.
- GPO 8.58 Greater identification and education is needed for public recreational lands, particularly in regards to private property, access, parking and community notification.
- GPO 8.59 The County should seek financial support from state and federal agencies to assist in providing for recreational area access and safety.
- GPO 10.1 Be a county that supports the varied needs and demands of the community and surrounding area through the understanding and creation of a supportive and active environment for economic development in the community.
- GPO 10.2 Support the retention and expansion of existing local businesses/industries and recruitment of new business/industries in order to maintain a strong job and wage base.
- GPO 10.3 I Implement regulations that recognize and further the diversity of industry and the business community, while also promoting the sustainability of natural resource based activities.

- GPO 10.4 Encourage economic growth while protecting the rural character of the County.
- GPO 10.5 Encourage the promotion of tourism and tourist based businesses.
- GPO 10.6 Provide the infrastructure and public facilities to support economic activity and growth.
- GPO 10.7 Strive to maintain a balance of jobs and housing.
- GPO 10.8 Promote and encourage the establishment and expansion of educational, research and other related activities that support existing local industries and businesses.
- GPO 10.9 Work in cooperation at the local and regional level to combine resources and build consistency in economic development strategies.
- GPO 11.1 Kittitas County should encourage and does provide new or enhance existing recreational areas whenever feasible.
- GPO 11.2 Kittitas County may create a comprehensive recreation plan which incorporates new parks / recreational areas into growth planning; Establishes additional passive recreation sites and opportunities; and Formulates recreational guidelines.
- GPO 11.3 Kittitas County should promote private/public and private/nonprofit partnerships to finance capital improvements to public parks / recreational areas.
- GPO 11.5 Kittitas County will engage in discussions with the incorporated communities within the County through the Regional Services Sub-Committee of the Kittitas County Conference of Governments to address the economic impacts on those communities resulting from the provision of organized, active recreation facilities to the unincorporated citizens of the County.
- GPO 11.6 Kittitas County shall consider recreation needs and the services, which the County is able to provide by developing a countywide recreation plan in coordination with other agencies and jurisdictions within Kittitas County. Recreation opportunities and facilities include, but are not limited to parks, trails, river access, public lands access, campgrounds and picnic facilities.

The following Kittitas County Countywide Planning Policies should be considered:

ECONOMIC DEVELOPMENT AND EMPLOYMENT

I. Issues

1. Overall Economic Development Plan.

Policy A: The jurisdictions in Kittitas County will cooperate with the Kittitas-Yakima Resource Conservation and Economic Development District in preparing an annual “Overall Economic Development Plan.” Other appropriate agencies, businesses, and individuals will be involved in the process.

2. County-wide Economic Vitality.

Policy A: Economic vitality and job development will be encouraged in all the jurisdictions consistent with all community growth policies developed in accordance with the Growth Management Act.

4. Economic Development Strategies.

Policy A: Economic development activities will be implemented in a manner which supports our quality of life and growth management strategy. This can be achieved by the following:

1. Recognizing that education and training which produce a skilled work force are essential to the county’s economic vitality.
2. Basing the level of economic development activity on our ability to manage the resulting growth.
3. Requiring non-resource based economic development activities to locate within designated UGAs or incorporated cities.
4. Requiring economic development proposals to show how increased services and infrastructure support will be provided.
5. Undertaking countywide and regional efforts to coordinate economic development activities.
6. Ensuring that the economic development element of local comprehensive plans and countywide and regional growth management plans are compatible.

The following Kittitas County Code should be considered:

None

Staff Analysis:

In the past Kittitas County has periodically adopted by reference reports and studies performed either directly or indirectly by county agencies or commissions.¹ Supplemental, subjective, non-normative analysis can be an invaluable tool for providing guidance and reference material to administrative staff and policy decision makers. Having these reports integrated into the Comprehensive Plan can serve to demonstrate concurrency with multi-jurisdictional planning processes and public/private cooperation. In so doing, the County's ability to access State and Federal funding for specific projects can be greatly enhanced. In addition to providing guidance and recommendations for public policy, the plan also contains a thorough assessment of the current socio-economic and demographic conditions of the county. The Economic Development Strategic Plan is a theoretical and substantive document funded in part by county taxpayers, and as such should be integrated in a non-binding fashion into the County's comprehensive planning processes.

This proposal is for a text amendment to Chapter 10 of the Kittitas County Comprehensive Plan adding section 10.5 to the end of the chapter.

Staff supports adoption of this comprehensive plan text amendment to conditionally integrate the Economic Development Strategic Plan by reference.

Suggested Findings of Fact:

1. The Planning Commission finds that on or before June 30, 2010, Kittitas County Community Development Services docketed proposed amendments to the Kittitas County Comprehensive Plan.
2. The Planning Commission finds that Kittitas County Community Development Services held two open houses on the 2010 Comprehensive Plan amendments on August 17, 2010 in Cle Elum and on August 19, 2010 in Ellensburg. These open houses issued a notice of public hearing pursuant to KCC 15A and KCC 15B on August 12, 2010. This notice was published in the official county newspaper of record and was mailed to jurisdictional government agencies, adjacent property owners and other interested parties. Further, legal notices were published in the Daily Record on

¹ Swiftwater Corridor Vision Plan 1997; Kittitas County Outdoor Recreation Inventory 2004; The Long Range Transportation Plan 2007;

August 12 and 19, 2010 and the Northern Kittitas County Tribune on August 12, 2010.

3. Testimony was given by the proponent.
4. Adverse testimony **was/was not** given on this proposal.
5. On August 24, 2010 the Planning Commission **recommended approval/ did not recommend approval /forwarded without recommendation** to the Board of County Commissioners the application based on the information submitted

ECONOMIC DEVELOPMENT STRATEGIC PLAN

Release 1.0

Prepared for the Kittitas County Economic Development Group



JULY 2009



T · I · P S T R A T E G I E S



Economic Development Group
of Kittitas County

ACKNOWLEDGEMENTS

TIP would like to thank the members of the Economic Development Group of Kittitas County Board of Directors for their time and contributions to this plan. We would also like to express our appreciation to the individuals, businesses, and organizations that were interviewed for their invaluable input on the challenges and opportunities in Kittitas County.

Economic Development Group of Kittitas County Board of Directors and Staff

Anne Watanabe, President	Bob Hanson, Vice President	Bruce Tabb, Treasurer
Pat Swiney, Secretary	Bob Titus	Milt Johnston
Jim Armstrong	Charlotte Tullos	Bob Titus
James Gaudino	Paul Jewell	Sean Turpin
Jennifer Basterrechea	Jim DeVere	Matt Morton
Marshall Madsen	Cinda Kohler	Gary Berndt
Ray Miller	JJ Collins	Matt Davison
Ron Cridlebaugh	Annie Agars	Sherry Luke

TIP Strategies – Project Team

Jon Roberts, Managing Director
Alex Cooke, Project Director
Karen Beard, Analyst



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

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.



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.

1 BASELINE ACTIVITIES

While economic development organizations can provide a wide range of services, at the most basic level they are charged with organizing and presenting information about the community and facilitating access to relevant resources. On the following pages, we present three “baseline” functions for economic development organizations: providing technical assistance, conducting a business retention and expansion (BRE) program, and working with companies making location and facility planning decisions. These programs can be some of the most cost-effective means of promoting economic and employment growth in an area. In addition, they align with the responsibilities assigned to the EDG in its capacity as an associate development organization for the State of Washington.

We have placed the profiles of the functions in order of priority, considering their effectiveness and cost. Formalizing these activities will enable the EDG and Kittitas County to become more competitive for attracting new investment and talent.

Technical Assistance

In *Area Development’s* most recent corporate survey, 61 percent of companies surveyed used the Internet to obtain site selection information. Of these companies, 90 percent found economic development websites to be most useful in making site and facility planning decisions. In addition, 71 percent of those making site visits meet with community representatives to obtain information.

As these survey results demonstrate, one of the key roles an economic development organization plays is providing information needed to help prospects make informed site location decisions. A current and professional website is now a necessary component of fulfilling this role, in addition to having a hard-copy information packet.

The following actions support this strategy:

- 1.1 **Redesign the EDG website.** The current EDG website lacks many of the functions and informational assets considered standard for basic site selection requirements, including an updated database of available sites. In addition, much of the basic

THE ROLE OF ADOS

The EDG is the associate development organization (ADO) for Kittitas County. As such, the EDG is required by the state Legislature to deliver the following scope of services:

- ✓ Develop a countywide economic development plan.
- ✓ Collect and maintain an inventory of sites available for development and assist with site selection and development.
- ✓ Market the county and state as an excellent place to locate a business.
- ✓ Provide permitting and licensing assistance to businesses considering locating in the county.
- ✓ Assist small business development centers and other assistance providers.
- ✓ Provide business retention and expansion services.
- ✓ Collect and maintain data for use in program and system evaluation.
- ✓ Participate in region-wide economic development planning and research.



information found on the site is out of date. The site also lacks the style and design elements that project Kittitas County or the organization in a positive manner.

Basic components a redesigned EDG website should include the following:

- ✓ Community profile. This section should contain information on area demographics (population, households, age profile, race/ethnicity profile, socio-economics, educational attainment). Services such as DemographicsNow, Claritas, and ESRI are reputable data sources and provide community profiles that are updated each year and include 5-year projections. The profiles should be made available for download from the website, preferably with an option to export to a spreadsheet program.

Community profiles also often highlight primary quality of place assets, such as school district descriptions and basic statistics, higher education institutions description and location, neighborhood profiles, arts and entertainment facilities, and any other amenities.

- ✓ Business climate. This section should contain information on the area's workforce, major employers, target industry profiles, tax rates, utility providers and rates (if available), transportation access, and available incentives.
- ✓ News. The news section should contain announcements of any new initiatives of the economic development organization as well as any events or happenings in the community that have economic development implications.

The following sections are beyond the basic components of a website, but can be valuable sources of information for prospects:

- ✓ Available sites. This section should feature properties that are available in the region. It should be current and searchable by type of space, price, and square footage.

SETTING THE STANDARDS

The **International Economic Development Council** has prepared a comprehensive set of data standards for communities to use when presenting themselves to site selectors or prospective businesses. The data standards matrix and related information is available at: http://www.iedconline.org/?p=Data_Standards.



- ✓ **GIS maps.** Maps of the region can help to orient prospects and can highlight key properties and community assets. While a GIS specialist can be contracted to create a wide array of useful maps, free tools like Google Maps allow economic development organizations to create interactive maps where they can post pictures, mark places of interest, and shade available parcels.

Each component should be formatted for printing or download off of the website, preferably with an option to export data-intensive files to a spreadsheet.

- 1.2 **Continue to improve on-line presence.** Take action to improve the EDG site’s ranking with search engines such as Google and Yahoo. This can include the use of meta-tags or keywords, increasing the number of links to the EDG page (by having the EDG site as a featured link on partner organizations’ websites), or payment of direct fees.
- 1.3 **Maintain professional print materials.** In addition to having a professional website, the EDG should maintain an information packet for visiting prospects or prospects who request information by mail. These materials should be designed to meet a variety of needs, including trade shows and promotional events. In all cases however emphasis should be placed on driving traffic to the website.
- 1.4 **Compile information on incentives.** As part of EDG’s role as an ADO, staff should be knowledgeable about available incentives at the local, state, and federal level. Relevant information should be incorporated into electronic and printed materials. The subject of incentives should be addressed broadly and can include non-cash incentives such as fast-track permitting or other methods for reducing development costs.
- 1.5 **Consider benchmarking program.** Benchmarking can provide an important source of information for economic development programs, particularly with regard to the identification of best practices. Communities or regions with similar economic conditions should be selected. If possible, local leaders should schedule an annual visit to benchmark communities. *(See best practice in text box to the right).*

BEST PRACTICE: GLIDE

Greater Louisville Inc. is the Metro Chamber of Commerce and leading economic development agency for the Greater Louisville, Kentucky metro region. Through advocacy efforts, networking opportunities and cost saving initiatives, GLI provides a wide range of programs and services that support member businesses, encourage entrepreneurial enterprises, and contribute to business and community growth and prosperity.

GLIDE is an annual invitation-only executive program with local business, civic, and elected leaders participating. This annual program studies a competitor city’s best practices and brings ideas back to Greater Louisville for implementation. Below are recent GLIDE benchmarks.

- Jacksonville, Florida (2004)
- Kansas City, Kansas (2005)
- Denver, Colorado (2006)
- Dublin, Ireland (2007)
- Minneapolis-St. Paul, Minnesota (2008)



- 1.6 **Participate in regional planning initiatives.** In accordance with state requirements, the EDG should identify opportunities to participate in planning initiatives that affect the region. Examples of groups to consider include transportation planning, workforce development, and tourism organizations. The level of participation will be dependent upon available resources and specific priorities, but could include tracking announcements and publications issued by each group; attending regularly scheduled meetings; or holding a position on a board or working group.

Business Retention and Expansion

Business retention and expansion should be the heart of any economic development program. A solid BRE program can help communities protect and even grow their existing base of employers. Focusing on existing employers makes sense as they are already invested in the community. In the context of the private sector, a business retention program is like the adage that says you must attend to your existing customers first. If you don't, you jeopardize your base. This is especially true in light of current economic conditions, which mean fewer recruitment prospects and more existing businesses in distress.

At its simplest, a BRE program helps the economic development organization develop a clear understanding of the businesses already in the community and helps keep tabs on any changes and challenges area businesses face. The primary functions of a BRE program are threefold:

- 1) to ensure that at-risk businesses receive support, especially when that risk is the result of labor issues or other factors the community can influence in some way;
- 2) to expand and support growing businesses; and
- 3) to act as an ombudsman for local businesses generally, by identifying their issues and needs.

A basic BRE program entails the following elements and activities:

A BIRD IN THE HAND

Existing businesses form the backbone of a thriving economy. They typically represent the best opportunity for increasing the employment and tax base of a community and the greatest economic threat if they close or relocate. But local firms are often overlooked in a community's enthusiasm to recruit new, headline-generating businesses.

Given the fiercely competitive environment for business attraction and the myriad of issues facing most communities with regard to the recruitment of new business, business retention should be a **baseline** activity for economic development organizations. In other words, *all other initiatives, including business recruitment, should be considered in light of their ability to complement and support the existing business network.*



- 1.7 **Maintain an inventory of existing businesses and available properties.** Publicly available business records, such as DBA filings, tax records, utility hookups, and ownership transfers, can be good sources of information. This inventory should be recorded and maintained in an electronic database or a Customer Relationship Management (CRM) System.
- 1.8 **Administer a regularly scheduled survey of employers.** This survey will identify which companies may be at risk of leaving the community and which companies plan to expand. In addition, these surveys can uncover employers' issues. If possible, the survey should be administered annually. The use of online survey tools, such as Survey Monkey (www.surveymonkey.com), Zoomerang (www.zoomerang.com), SurveyGizmo (www.surveygizmo.com), and PollDaddy (www.poll daddy.com) make this an inexpensive method for keeping in touch with area employers.
- 1.9 **Conduct business visitations.** To supplement findings from the survey, the EDG should visit at least 20 businesses per year. The purpose of the visits should be to gauge the ability and needs of local businesses to operate successfully and possibly expand in the community. These visits can be conducted by EDG staff or with the support of interested board members. A set procedure should be established for these visits to ensure that consistent information is gathered.
- 1.10 **Create a forum.** Provide opportunities for local businesses to meet regularly with economic and community development staff. The purpose of these meetings is similar to that of the employer survey, but the face-to-face approach often stimulates discussion that a survey cannot. This could be accomplished by holding a quarterly business forum or industry roundtables. Forums could be organized around a specific topic of interest (such as planning and zoning issues or transportation infrastructure) or could be used as a moderated discussion about general concerns. These meetings do not need to be elaborate. Local restaurants will often donate meeting space in return for the lunch or dinner traffic. The goal is simply to keep an open line of communication between employers and public officials.



- 1.11 **Provide networking opportunities.** In addition to the forums discussed above, networking opportunities can be an invaluable part of a BRE program. Hosting a monthly luncheon or “after hours” event has been a mainstay of chambers and economic development organizations. Unlike the forums, these events should be solely designed to facilitate business-to-business contact. Business card exchanges, “speed networking” events, or featuring a small number of businesses are examples of formats that are frequently used for these events. Supporting existing events – rather than introduce competing events – should be the focus of this task. Currently, the Ellensburg Chamber organizes a monthly business after hours event.
- 1.12 **Have an intervention strategy.** Develop a “rapid response” strategy for dealing with potential layoffs or plant closures. Under the Federal Worker Adjustment and Retraining Notification Act (WARN) of 1989, companies with 100 or more employees must notify local governments and state workforce organizations about plant closings or mass layoffs at least 60 days in advance of the event. However, at this point, it is frequently too late to do anything. Identify “at-risk” companies early-on and develop an aggressive intervention strategy. As part of this effort, the community should identify the tools available to help avert such actions or ameliorate their impact.

Examples of these tools include:

- Identifying assistance programs for at-risk companies, such as the manufacturing modernization services offered through the U.S. Department of Commerce's Manufacturing Extension Partnership (MEP) program.
- Partnering with the state and local workforce development boards' rapid response teams to provide assistance to workers facing dislocation.
- Cultivating relationships with site selectors, developers, and real estate brokers to ensure prompt reuse of a closed facility by a new tenant.

To be effective, intervention must occur early. As such, this strategy relies heavily on the information-gathering steps outlined above.

THE IMPORTANCE OF CONNECTIONS

Helping local businesses connect to trade associations, think tanks, academic institutions, and other similar companies is a key element of the economic gardening approach introduced by Littleton, Colorado:

We are aware of research in network theory that indicates that an increase in the number of business connections increases the innovation levels of companies. In particular, “weak ties” to “hubs” outside a business's normal daily connections are important for bringing in new ideas.

We have made a point of connecting our businesses to our local community college and the University of Colorado, as well as the work of interesting research organizations like The Santa Fe Institute and The Colorado Issues Network.

<http://www.littletongov.org/bia/economicgardening/>



- 1.13 **Report on progress.** Provide ongoing evaluation and reporting by preparing an annual report to the community on progress-on-goal. This effort could be tied to state reporting requirements or could be expanded to include specific business issues and relevant partner initiatives (such as a joint report on labor issues with local workforce organizations).

Business Recruitment and Prospect Management

The attraction of companies is the activity which is perhaps most commonly associated with economic development organizations. Indeed, target industry recruitment is often a cornerstone of many programs. Recruitment can be thought of as having three separate stages: 1) generating leads, 2) managing prospects, and 3) facilitating company locations when they occur.

- 1.14 **Conduct lead generation activities.** While marketing and direct outreach to prospective companies is often a large component, indirect channels can yield more promising leads in a more cost-effective manner. For this reason, EDG should focus on creating a strong network of relationships that will generate high quality leads. To do so, the EDG should focus on building relationships with regional developers, brokers, and site selectors and with state and regional organizations. Forging relationships with these groups can help staff stay abreast of local private development efforts, tap into new networks of businesses, and become aware of prospects looking to relocate in the state. The following actions support this task:

1.14.a Database. Create and maintain a database of developers, brokers, and site consultants. Due to its relative geographic proximity, the EDG should initially focus on the Pacific Northwest. Eventually, the database should be expanded to include West Coast metropolitan areas.

1.14.b Information. Continue to maintain and update information typically of interest to commercial and industrial developers on the EDG website. (See *Tasks 1.1 and 1.7*).



- 1.14.c Newsletter. Develop and distribute a quarterly e-newsletter to local businesses, regional public officials, site selectors, real estate developers, investment prospects, and other key stakeholders. In addition to communicating the EDG’s achievements, each issue should highlight a different opportunity in the region. Services such as Constant Contact make this a low-cost option for reaching your target audience. Email addresses can be gathered with a link on the EDG website and via contacts with individuals and organizations during the course of conducting the EDG’s work.
 - 1.14.d Visitation program. To the extent feasible, staff should call on site consultants in the Seattle area as well as other major metropolitan areas in the Pacific Northwest (Spokane, Portland, Tri-Cities). While a formal program of visits (i.e., quarterly) is most effective, resources may limit this action to visits made in conjunction with attendance at trade shows or other events.
 - 1.14.e Marketing assistance. Offer assistance to market developers’ and land owners’ properties and buildings to future tenants. This could include adding the properties to the EDG website or including links to the owners’ site, featuring the property in relevant materials (such as e-newsletters), and having printed materials available in the EDG office.
 - 1.14.f Events. The EDG should periodically host luncheons that showcase specific assets, such as available land and buildings or new projects. Local and regional developers, site consultants and industrial and commercial brokers may be invited to attend. In addition, luncheons centered around a specific target industry should include potential prospects.
- 1.15 **Establish prospect management system**. Once a lead expresses interest in relocation assistance in the community, it should be entered into a formal prospect management system. Use of a formal system will help set the prospect’s expectations and allow the EDG to track the status of prospects quickly and easily. Having a transparent and efficient process can be an effective way to gain an edge in



business recruitment by allowing staff to respond to requests in a timely, coordinated fashion. The following worksteps address this task:

- 1.15.a Process. The first step is formalizing the process by which prospects can indicate interest, receive information packets, visit the community, and apply for relocation assistance. This documentation should cover the prospect lifecycle – from lead generation through evaluation to receiving of relocation assistance.
 - 1.15.b Intake questionnaire. Post an electronic form on the website that prospects can use to request an information packet, set up a visit and tour, and indicate interest in locating in the community. This questionnaire can also collect information on the prospect that the organization can use to tailor its response.
 - 1.15.c Response. Create a standard information packet that is provided to prospects. Adapt pieces such as suitable sites and maps as well as workforce availability to respond specifically to the needs of the prospect. Arrange a visit for the prospect to tour the community and view the area's primary assets.
- 1.16 **Provide relocation assistance**. For prospects who are interested in locating in the community and who have been evaluated to significantly benefit the community, the organization should provide assistance in navigating the local development process, negotiating incentives, and structuring training programs for new employees, as necessary. Due diligence and an incentives policy are important elements of this strategy.



2 CENTRAL WASHINGTON UNIVERSITY

The presence of an institution of higher education can be a “game-changing” asset for a community. Kittitas County’s greatest strength is Central Washington University (CWU). The comprehensive, four-year public university is a primary economic engine driving the local economy. With a student body totaling 9,000 FTE and rising, and an employment base of approximately 1,500, CWU’s direct economic impact (capital investment, employment, expenditures) on Kittitas County and Ellensburg is tremendous. The university’s indirect and intangible benefits are substantial as well. In addition to offering educational opportunities for existing residents, CWU provides social and political capital to the county and delivers entertainment and recreation options for the local population. Equally important is the university’s role as a conduit for bringing young, educated people to the region. A university also brings important state and national exposure to the region and can be directly related to image. Strengthening the formal connection with the university and understanding its role in economic development should be the central focus of this plan.

The following actions will help the EDG support and leverage Central Washington University for economic development:

- 2.1 **Engage in cooperative marketing with CWU.** EDG and CWU should establish a coordinated marketing message highlighting the county’s economic development, quality of life, and higher education assets.
 - 2.1.a EDG should incorporate information regarding specific academic and training programs at CWU in its economic development marketing materials. Training and academic programs that support EDG economic development goals and priority sectors (see *Goal 4*) should be highlighted.
 - 2.1.b CWU should provide updated county-wide information, data, and events on its website and in their student recruitment materials.
 - 2.1.c CWU should also consider inviting community and chamber representatives to participate in student and faculty recruitment events.



2.1.d The EDG should help promote conferences and events at CWU that relate to priority sectors. These meetings can serve an economic development role by providing opportunities for local companies to network with suppliers, customers, and peers. In addition, they provide a mechanism for introducing talent in desired fields to the area.

2.2 Leverage university instruction and research activities for economic development in Kittitas County. Work with CWU, communities, chambers, and other appropriate parties to establish a formal mechanism for raising greater regional awareness of the potential for capitalizing on university research and instruction.

2.2.a Support the university's efforts at increasing the number of external grants and contracts awarded to CWU through the Central Washington University Research Foundation (CWURF). For example, EDG is currently assisting CWU and CTED to jointly pursue a \$12 million grant from the U.S. Department of Energy to fund curriculum development and R&D for the wind energy industry at CWU. EDG should support such efforts by providing technical assistance to CWU and by publicizing initiatives to the community.

- EDG should work to establish a formal relationship with the CWURF to assist and facilitate technology transfer and commercialization within the region. Such a relationship may include an EDG representative on the CWURF Board. In addition, the EDG could establish a formal Innovation Park Committee involving faculty, staff, and students engaged in sponsored research and development.

2.2.b Market the education, training, and facility assets offered by Hogue Technology Building.

- EDG should work with staff and faculty within the Department of Industrial and Engineering Technology to identify internship, apprenticeship, and employment opportunities for students and graduates.

CWU RESEARCH FOUNDATION

In 2007, CWU established the Central Washington Research Foundation (CWURF) as a not-for-profit corporation. The purpose of CWURF is to support and encourage the transformation of intellectual inquiry and exploration into applications that facilitate economic development. In the Kittitas Valley and surrounding regions Furthermore, through its Innovation Park, CWURF will “provide space for businesses and entities that may help develop, improve, or license university intellectual properties and university-created technology, and transfer that intellectual and technology into use.” To be located adjacent to the campus, the Innovation Park will assemble critical research, administrative, and lab functions into a single complex.



- Within its marketing materials, EDG should highlight information regarding the programs, degrees, and facilities housed within the Hogue Technology Center.
 - Lobby the Washington Legislature to provide the remaining \$20 million in funding needed to renovate the existing building.
- 2.2.c Lobby state legislative and higher education officials to expand the ability of Washington’s public comprehensive universities to engage in basic research and development. Currently, state law restricts most research and development to the University of Washington and Washington State University, the state’s two public research universities.
- 2.2.d Identify area leaders and prominent alumni that might serve as “champions” to support (financially or otherwise) technology transfer efforts.
- 2.2.e Work with CWU officials to catalog and publicize research efforts that have the greatest potential for local commercialization such as renewable energy and geospatial sciences.
- 2.2.f Explore the potential for the creation of a local seed capital program to fund local startups with the assistance of area financial institutions and business leaders, as well as prominent alumni.
- 2.2.g Celebrate local success stories (when startups are launched or significant contracts are secured) in the local media with press releases and through a newsletter to alumni and the business community.
- 2.3 **Strengthen relationships between CWU and the regional business community.**
- 2.3.a Establish a university/business alliance to explore options for leveraging faculty and institutional expertise to assist existing employers, startups, and

HOGUE TECHNOLOGY CENTER

In 2009, CWU successfully secured \$27 million from the State of Washington to fund a major addition to Hogue Hall. This project will add 80,000 square feet to the west side of Hogue and will house engineering labs, offices, and classrooms.

The addition will house the Department of Industrial Engineering Technology (IET), which has seen enrollment grow by 20 percent in the last five years. The program enhances economic development and innovation by increasing the availability of technologically skilled employees in the area. Such a potential labor pool can attract high-tech or industrial technology firms, large and small, to relocate or start up in the county.”

The IET program includes a master’s degree program in engineering technology. Bachelor of science degree programs include:

- Construction management
- Industrial technology
- Mechanical engineering technology
- Electrical engineering technology
- Technology education
- Safety and health management
- Bachelor of applied science



entrepreneurs in Kittitas County. This alliance would serve as the umbrella organization responsible for all related activities.

2.3.b Foster stronger ties between the university and the county's business community and policy makers through networking activities with university faculty and the business community (e.g., annual event to honor academic award recipients or new patent recipients, regular newsletter distributed to local area highlighting ongoing R&D, quarterly round-table discussions etc.).

2.3.c Leverage job placement programs at CWU to assist current students and recent graduates in finding local career options at local businesses in Kittitas County.

- Explore the potential for employment opportunities for students and graduates during periodic visits with existing businesses.
- Meet with job placement counselors at CWU on a periodic basis to better understand the skill sets of students and graduates.

2.4 Investigate feasibility of a downtown incubator for professional services firms.

The creation of an incubator could serve as a catalyst for the growth of professional services in the region. The incubator should be aligned with the university's areas of expertise – including accounting, geotechnical services, and geographic information systems – and the needs of local business. Ideally, the incubator would be located in downtown Ellensburg to serve as a catalyst for new professional services start-ups. (See Strategy 4.10).

2.5 Work with CWU to connect students to community life.

One of the best strategies for retaining graduates or recapturing alumni is to ensure they have a positive experience during their stay in the community. Identifying projects that fill a specific community need is one strategy that can be a win-win. Communities benefit by having fresh ideas about local issues and opportunities, while students gain valuable “real-world” experience. Volunteer programs and internships perform a similar



function. Creating a connection may increase the likelihood that non-native students will consider remaining in or returning to the region after graduation.

2.6 **Link development to CWU.** As CWU prepares its Master Plan, the EDG can help identify opportunities to improve linkages between the campus and the community through the physical environment. Innovative strategies, such as moving some student-related functions into the community or creating corridor plans that link campus facilities to downtown, should be supported.

2.7 **Expand and promote university-sponsored events.** In addition to bringing visitors to the area, high-profile events can help boost the county's image as a place where education is at the forefront. Conferences on cutting-edge issues can attract media attention that goes beyond what any paid advertising campaign can accomplish. Industry-focused conferences can aid in economic development efforts by attracting high-level talent to the region and providing economic developers the opportunity to meet with company executives.



3 RECREATIONAL TOURISM

Tourism should be an essential component of any economic development plan for a region with Kittitas County's transportation access and natural features. Kittitas offers abundant recreation opportunities that already draw people from outside the area, especially from Puget Sound. Within minutes, visitors to the county from Puget Sound can take advantage of fishing, skiing, hiking, and climbing opportunities in upper Kittitas County. Suncadia Resort's new championship golf courses also serve as a major recreational attraction for visitors.

Tourism is important to economic development because it represents a unique opportunity to expand consumer spending, create new residents, and cement the county's reputation as an area with a strong sense of place. Involving multiple organizations in this effort will ensure this opportunity is viewed from all perspectives.

- 3.1 **Conduct inventory of specific tourism assets.** The first step in implementing a tourism strategy is to conduct an inventory of the county's tourism assets. This effort should not recreate the wheel, but rather should leverage resources that have already been compiled by others. Potential partners in this effort include federal agencies (such as the Washington Department of Fish & Wildlife), state agencies (such as CTED), local jurisdictions, and tribal areas. Once compiled, the inventory should be used to promote local attractions and events on appropriate websites and publications.
- 3.2 **Coordinate with retail strategy.** Tourism initiatives must be considered in the context of their relationship to retail. In other words, attracting tourists only benefits local jurisdictions *directly* if they have a mechanism for capturing retail sales dollars. The county has a number of assets in this regard ranging from natural amenities to museums to festivals and other attractions. These include long-standing events, like the 109th Annual Kittitas County Fair and the 86th annual Ellensburg Rodeo as well as new entries, like the Fresh Air Artists Festival, which will hold its inaugural event in Cle Elum in August.



- ✓ Raise awareness. Work with relevant groups to raise awareness of the county's tourism assets among local retailers and hospitality-related establishments. This will help to ensure that local businesses are prepared to capture retail spending associated with specific tourism-related activities.
- ✓ Tailor retail offerings. Where possible, retail activities should be tailored to specific events or attractions. This may mean offering extended hours of operation to accommodate specific events or designing sales and marketing efforts around a related theme. For large or regularly occurring events, consider making special arrangements, such as providing shuttle service to shopping areas (like downtown Ellensburg).

3.3 **Take an “inside-out” tour.** Assign a small group the responsibility of touring the community from a visitor's point of view. This effort requires an “inside-out” perspective and should evaluate the county across a number of topics. What options are available for lodging? How easy is it to identify them prior to arrival (travel planning via the Internet)? How easy is it to figure out how to get around the county? Is there appropriate “way-finding” signage to guide visitors to downtown shopping areas and major attractions?

3.4 **Expand and coordinate marketing efforts.** Creation of joint calendars and joint marketing materials is one aspect of this task. These initiatives should be tied to the image and marketing initiatives discussed in Goal 6.

3.5 **Monitor passenger rail initiatives.** While direct support for this initiative may be outside the purview of the EDG, the presence of passenger rail could have a direct impact on tourism in the region.



4 PRIORITY SECTORS

Identifying target sectors is an important focus of the plan and a required activity under the EDG's contract with the state of Washington. Given the available resources (time, money, and people), it becomes apparent that recruitment efforts must focus on industries that provide the greatest opportunities for success. *This is not to say that other prospects should be ignored, simply that proactive efforts should be concentrated in these areas.*

Our approach to identifying sectors for Kittitas began with the economic assessment. This assessment analyzed demographic and economic factors affecting the region. Our understanding of the county's strengths and potential opportunities was then filtered through employment growth predictions at the global, national, and regional level. These trends point to lower private sector capital investment and hiring, increased public sector investment and employment, and persistent shortages of talent in high-demand occupations.

To ensure renewed growth and sustained economic vitality for the county, we believe the following sectors should receive priority attention in the EDG's industrial retention and recruitment efforts: **renewable energy, professional services, agriculture & natural resources, light industrial, and transportation & logistics.** For each sector, we provide a rationale for selection and related action items. General guidance on recruitment activities is provided in Tasks 1.14 through 1.16.

Renewable energy

Why does this sector matter? Volatile fuel prices along with growing concern about global warming and our dependence on foreign oil have focused national attention on the need to invest in alternate sources of energy. Consumer preferences are likely to continue to move towards products and services that help to reduce their footprint on the natural world and increase efficiency, as they become more focused on the impacts of consumption and rising energy costs. These factors will continue to affect the way people live and work and the regulatory landscape in which businesses operate for the foreseeable future, making renewable energy a growth sector both nationally and internationally.



In addition to its potential for growth, renewable energy and related technologies are attractive targets from a talent perspective. The workforce required to support this strategy includes a range of skills from engineers to researchers to utility workers. Energy technology has been identified as a significant source of “middle skills” jobs – those requiring some level of training but less than a college degree. Furthermore, regions that are viewed as champions of environmentally friendly technologies will have an advantage in talent recruitment and development. For a growing share of the workforce, particularly those in the next generation, employment choices are more likely to be value-based than in the past, making an energy-friendly image an even greater asset.

Why is it a fit for Kittitas County? Kittitas County is well-suited to pursue business investment and growth in the alternative energy sector. The county is unique in that it boasts a variety of renewable energy sources, including wind, solar, biomass, and hydroelectric. The most well known and well developed alternative energy source in the county is wind power. Soon, the county will be home to four operating wind farms. The recently constructed Renewable Energy Center at Puget Sound Energy’s (PSE) Wild Horse Wind and Solar Facility is one of only a handful of wind energy visitor centers in the nation. With over 18,000 visitors in 2008, the center presents substantial potential for alternative energy tourism.

Much of Kittitas County also enjoys abundant sunshine, making solar energy production a real opportunity. Already, the City of Ellensburg is nearing completion on Phase 3 of its solar array, the first community solar power project in the United States. Additionally, PSE operates the state’s largest utility-scale solar array in the Pacific Northwest.

Another alternative energy sector with development potential in the county is biomass. The county’s substantial timber lands offer a potential long-term fuel source for biomass energy generation in the county. This also presents the opportunity for new targeted, small-scale logging operations and employment in the county. There is also growing interest in renewable energy research and development at CWU, particularly in biomass and biofuels technology.

4.1 Promote alternative energy research at CWU.

4.1.a Create a center of excellence.



- 4.1.b Heighten awareness among policy makers and industry of ongoing research and development activities at CWU.
- 4.1.c Establish formal partnerships with companies involved in alternative energy generation, equipment manufacturing, maintenance and repair, and marketing.
- 4.1.d Catalog and support research at local companies.
- 4.1.e Establish regular meetings among local companies to explore avenues for cooperative research alliances.
- 4.1.f Foster stronger ties between local companies and CWU.
- 4.2 **Support workforce training in the region.**
 - 4.2.a Coordinate regional workforce training programs with needs of area alternative energy companies
 - 4.2.b Identify state and federal workforce training programs that support alternative energy.
 - 4.2.c Develop associated curriculum for secondary and post-secondary students.
 - 4.2.d Identify curriculum required to support alternative energy (e.g., biology, chemistry, computer science, and related special programs).
- 4.3 **Support recruitment and expansion of alternative energy-related firms.**
 - 4.3.a Recruit targeted companies to Kittitas County. Potential targets include small- and medium sized companies involved in the research and production of solar panels, wind generation equipment, and biomass power plants.



4.3.b Support the expansion of existing companies and support new ventures through the following:

- Meet with executives and managers of existing companies on a regular basis to better understand their needs and explore avenues for assistance.
- Organize regular roundtable meetings of existing companies to explore potential synergies and production contracting services.
- Create assistance program for alternative energy related start-up ventures (to include service providers as well as science-based companies).
- Work with CWU to establish an alternative energy research and technology park. Currently, Kittitas County is applying for the designation of an Innovation Partnership Zone in the county. The zone would most likely be located at the Bowers Field. Partners in the application include CWU, EDG, Kittitas County, the City of Ellensburg, Department of Natural Resources, Puget Sound Energy, and other private companies. The goal is to establish a zone to host renewable energy R&D, including wind, solar, water, and biomass technologies.

4.4 Initiate a capital and financing strategy.

- 4.4.a Seek new federal and state grants for research at CWU.
- 4.4.b Lobby the State of Washington for more financial support for new alternative energy research programs at CWU.
- 4.4.c Seek local private donations for the CWU Research Foundation to expand alternative energy research and development capacity.

INNOVATION PARTNERSHIP ZONES

In 2007, Governor Chris Gregoire designated the first 11 Innovation Partnership Zones (IPZ) in Washington. IPZs are designed to bring together research and higher education opportunities, innovation, and economic activity to be a strong engine for regional economies.

Areas designated as Innovation Partnership Zones receive special access to state funding and resources that otherwise might not have been available. The Department of Community, Trade and Economic Development (CTED) administers the state's Innovation Partnership Zone program.

Community organizations receiving an IPZ designation include:

- Port of Bellingham
- Port of Grays Harbor
- Port of Whitman County
- Greater Spokane Inc.
- City of Walla Walla
- Workforce Development Council Snohomish County
- Clallam Economic Development Council
- City of Bothell
- Columbia River Economic Development Council
- City of Seattle
- Port of Benton



- 4.4.d Initiate a venture capital fund.
 - Consult with local private investors on feasibility of creating a venture capital fund for alternative energy related startups in Kittitas County.
 - Initiate venture capital fund based in Kittitas County to support alternative energy startup companies in the area.
- 4.4.e Provide public incentives for start-ups and existing companies.
- 4.4.f Develop incentives programs to assist alternative energy start-ups.
- 4.4.g Develop incentives programs structured to encourage expansions at existing alternative energy related companies.
- 4.5 Expand base of alternative energy related service providers.
 - 4.5.a Identify support services and regional providers.
 - 4.5.b Identify support services needed, including legal, banking, marketing, construction, and engineering.
 - 4.5.c Identify existing area firms that have potential to act as suppliers to alternative energy cluster.
 - 4.5.d Identify gaps that can only be met through recruitment or new start-ups.
 - 4.5.e Establish relationships with professional firms.
 - 4.5.f Identify and meet with professional firms in the Seattle area with a capability to support alternative energy related firms.
 - 4.5.g Establish working relationship with alternative energy related professional service firms.



- 4.5.h Recruit professional firms to Kittitas County.
- 4.5.i Ensure adequate supply of Class A office available in the county to house professional services firms.
- 4.5.j Launch program to market the county to outside professional firms who service alternative energy related activities.
- 4.6 Emphasize alternative energy in county-wide image and branding.
 - 4.6.a Highlight alternative energy assets and initiatives in county and local marketing
 - 4.6.b Work with local partners to incorporate images and portrayals of alternative energy into marketing materials.
 - 4.6.c Tailor and utilize imagery in marketing efforts for business recruitment, talent, attraction, and tourism.

Professional Services

Why does this sector matter? While economic developers are accustomed to providing incentives to manufacturing firms, they rarely turn their attention to the service sector. This is both possible and desirable. Continued loss of manufacturing jobs, coupled with increasing use of technology and the growing trend of outsourcing of non-core functions, means that future U.S. employment growth will be concentrated in the service sector. Much of this growth has come in the form of low wage jobs in retail and personal services. However, this sector also includes firms that provide high-end support services—such as computer programming, legal services, accounting, and marketing—to other companies. In addition to providing a source of relatively high-wage employment, the presence of a well-rounded professional services sector is key to the retention of existing businesses and the recruitment of new industries of all types. The growth of this sector, which is heavily dependent on Class A office space, can also serve as a catalyst for real estate development and redevelopment. Office



buildings represent a source of tax revenue, they help revitalize downtown, and they in turn create a demand for retail activity associated with the professionals who work in those buildings.

Why is it a fit for Kittitas County? Our quantitative analysis, coupled with anecdotal evidence, suggests professional services are underrepresented in the county. This means companies are likely going outside the region for these services. Retaining this value, rather than having it leak to surrounding markets, such as Seattle or Yakima, is advantageous for local jurisdictions from a revenue standpoint. Occupations in this sector often require a college degree, making it a better match with CWU's strengths than are targets like manufacturing or logistics. Creating employment opportunities in professional services can help retain graduates, leverage the university's assets, and continue to support high levels of educational attainment in the county. The sector also matches well with the interests of both the upper and lower county; it is a source of high-wage employment while having a relatively low impact on the county's infrastructure and environment when compared with other sectors.

Enhancing this sector calls for action on a number of fronts including direct recruiting, creative financing, and general support.

- 4.7 **Build sector from within.** While recruitment has its place in this strategy, the main focus should be to build the sector from within. This strategy relies directly on CWU and is implicit in the strategies and actions outlined on pages 14 to 17.
- 4.8 **Identify targets.** Professional services firms should be targeted for recruiting in ways similar to traditional manufacturing recruitment. This means identifying gaps; targeting specific firms capable of, and interested in, expanding; and offering incentives. Filters for this strategy include:
- ✓ Existing strengths. Targets that support existing sectors are an appropriate starting point. These include green energy, agriculture, consumer needs, government contracting, wine and supply chain management, and natural resource support functions (forestry, streams and rivers). Matching target occupations against CWU's strengths – including geographic information



systems, geotechnical services, and accounting – will best leverage this important asset.

- ✓ Geographic connections. Competition from the Seattle area makes recruitment of large professional services firms impractical. However, targeting specific firms in the Puget Sound area with ties to Central Washington may yield some prospects for expansion (i.e., firms that may be interested in establishing satellite offices to service central and eastern Washington clients similar to what has already taken place with ESM).

4.9 **Implement direct recruiting strategy.** Professional service companies are typically not recruited using the standard approach of attending trade shows and marketing to site consultants. The following actions should be taken once specific industries or occupations have been targeted:

4.9.a Associations. The first step is to identify relevant trade associations for each occupation or industry group.

4.9.b Database. Once relevant organizations have been identified, the EDG should prepare a database of potential firms and individuals for marketing purposes. This database should focus on small firms and individual practitioners.

4.9.c Strategy. Information obtained in Action Items 4.9.a and 4.9.b should be used to craft a marketing strategy for this sector. The strategy should address a variety of communication channels, including direct mail, e-mail, and word-of-mouth.

4.10 **Ensure appropriate space is available.** Having an appropriate mix of commercial office space options plays an important role in promoting professional services development. This is important for central areas of Ellensburg, Cle Elem, and Roslyn, as well as areas outside of the central business districts. While appropriate to encourage professional service firms to locate in central business districts, some



firms, even small firms may require flexibility in the location and sizes of available office space.

4.10.a Working with county real estate professionals, EDG should inventory the sites in the county appropriate for commercial office space. This information should be fed into a database and updated regularly. The database should be built as part of Strategy 1.7.

4.10.b Work with CWU and local real estate developers to explore the feasibility of establishing a one-stop Entrepreneur Center in downtown Ellensburg. The center could be wholly owned and managed by CWU or developed as a joint venture with a private developer. Features and services of the center could include:

- Affordable, high quality space with shared administrative services. If pursued, pricing for this incubator space should be structured to encourage “graduation” to market rate office space within a specified period of time. This space should also be reserved for high-growth entrepreneurs rather than business owners and the self-employed.
- Access to information resources and databases to provide entrepreneurs with knowledge of resources available (financing, business services, educational opportunities) to them as well as competitive information.
- Personalized technical assistance for both existing and new businesses.
- Continuing education geared towards entrepreneurs on topics such as starting a business, basic and advanced financial management, accessing capital, marketing on a shoe-string, legal issues, and human resource management. In addition, formal entrepreneurship “boot camps” should also be offered.



- Graduate-level business administration courses to support existing professionals located downtown.
- Succession planning and business transfer services to help aging and retiring business owners find successors for their businesses.
- Access to a mentor network and angel investor network.

4.10.c Work with the City of Ellensburg to eliminate the 5,000 square foot per single occupant zoning requirement for commercial office space in areas zoned Light Industrial. The intent of the requirement is to discourage commercial office development outside of the central business district (CBD). Promoting higher density in Ellensburg’s downtown, both for commercial and residential uses, is appropriate. However, not all professional service firms require or desire to be located in Ellensburg’s CBD. The existing zoning requirement makes the city less competitive for new professional service developments.

4.11 **Target incentives to this sector.** Professional service firms who pay wages above the median and who are in an expansion mode should have access to incentives. These incentives can include low interest loans for building improvement and capital equipment (machinery and equipment ranging from copiers to computers). Other creative financing options might consist of favorable lease rates in downtown buildings that are currently unoccupied.

4.12 **Engage the “free agent economy.”** Another opportunity is to engage the “free agent economy” of individuals (both recent graduates and extending up through retirees) who want to ply their trade in the county. This strategy hinges largely on marketing the county’s quality of place.

4.13 **Provide general support.** Qualified firms should be offered general support including job training assistance, help in accessing new clients, and participating in networking events that match them with potential clients. This task mirrors many of those under the heading of business retention (Tasks 1.7 through 1.13).



Light Industrial & Assembly

Why does this sector matter? While national trends suggest manufacturing job growth will remain flat, there is still value in adding this sector to the EDG's target list. A healthy manufacturing sector contributes to the local economic base and can provide a source of employment for entry-level workers and those without advanced credentials. Competition for manufacturing jobs is fierce and the cost of recruitment initiatives (in terms of marketing dollars, incentives, and infrastructure improvements) can be significant.

Why is it a fit for Kittitas County? Admittedly, the county faces some constraints with regard to the recruitment of manufacturing operations. Kittitas is at a competitive disadvantage in comparison with neighboring counties in terms of utility costs. According to local officials, industrial users in Kittitas County will pay approximately \$.06 per kWh of electricity. While nationally competitive, the rate is higher than the \$.01 per kWh paid in Grant County. For energy-intensive users (e.g., food, bulk chemicals, refining, glass, cement, steel, and aluminum), the difference in cost is significant. Another major constraint is the lack of a large pool of local workers who possess basic manufacturing skills (e.g., welding, CNC machining, tool and dye making).

Nevertheless, EDG should engage in reasonable marketing and recruitment activities targeted at out-of-state companies engaged in light industrial and assembly. The county's highly desirable quality of life, attractive scenery, and proximity to a major metropolitan area makes it a logical destination for executives seeking to relocate a facility from a high-cost, high-stress environment.

4.14 **Build on core industries.** Companies already established in the region should represent the first tier of economic development opportunity. Existing state and regional clusters to consider include OEMs for aviation/aerospace, alternative energy equipment, construction materials and equipment, or agricultural equipment. Exceptions to this rule are important, however. If the industries are contracting, or if they add little value (through wages or capital investment), public support for them must be more measured and more cautious.



4.15 **Target specific characteristics.** As with professional services, we recommend selecting specific companies using a series of filters:

- ✓ Firm size. Given the county's growth concerns and labor market trends, targeting efforts are likely to be most successful with firm sizes under 50 employees.
- ✓ Energy usage. Because of the county's competitive situation, energy usage is another factor that can be used to refine targeting efforts. Non-energy intensive industries include metal-based durables, fabricated metals, machinery, computers and electronics, transportation equipment, electrical equipment, and wood products.
- ✓ Site requirements. Land consumption patterns should also be considered.

4.16 **Increase local skills training options.** Explore opportunities to increase the availability of skills training locally. This should be done in conjunction with the South Central Washington Workforce Council, WorkSource and Central Washington and should be aligned with needs of local business. Longer-term strategies could include bringing additional programs and resources to the Yakima Valley Community College satellite campus in the Kittitas County.

Agriculture/Natural Resources

Why does this sector matter? Agricultural and natural-resource-based operations are a significant component of the U.S. economy. According to the U.S. Department of Agriculture (USDA), farms and natural resources operations are forecast to bring in nearly \$295 billion in cash receipts in 2009. Exports continue to play a vital role in this sector, creating an additional \$1.40 of activity for every dollar of goods exported, according to the USDA's Economic Research Service. Agricultural exports are also an important source of jobs, providing employment for an estimated 808,000 Americans in 2007. These trends are expected to increase as America continues to expand its network of trading partners and as demand for American goods increases.



Why is it a fit for Kittitas County? Agriculture and natural resource-based industries have played a significant role in the county's development. With strengths in timothy hay and livestock production, agriculture, forestry, fishing and hunting accounted for roughly 4 percent of total employment in the county in 2006. Current economic conditions, volatile energy prices, and water availability raise concerns for some producers. In addition to strengthening and stabilizing existing sectors, organic farming represents an emerging niche for the county. Within the agricultural sector, organic food represents one of the fastest growing segments, with U.S. sales approaching \$18 billion in 2007. Washington State has among the highest number of organic producers with more than 600 certified producers in 2007.

Strategies to support this sector include:

- 4.17 Work with state officials to attract new small-scale, targeted timber operations. Link to biomass strategy.
- 4.18 Work with national hay association, the state, and USDA to development new export markets for timothy hay.
- 4.19 Promote diversification of the county's agricultural base, especially in emerging organic farming.
- 4.20 Organize an annual county agricultural roundtable. Provide a forum for area farmers and other agricultural-related businesses to discuss common challenges and opportunities.
- 4.21 Support preservation of long-term water sources. Advocate on behalf of local farmers to state officials.
- 4.22 Preserve farm land. Work with county officials to balance the need for new residential development and agriculture.



Transportation and Logistics

Why does this sector matter? Once known as “warehousing and distribution,” the process of moving goods to market has evolved significantly in recent years. What was once a matter of simply storing large quantities of goods and shipping them in bulk (when end-users placed orders) is now an increasingly sophisticated science. This process seeks to minimize inventories and respond to the growing demand for next-day – or even several-times-a-day – delivery. Competitive shifts within the industry have been accelerated by global trade, containerization and standardized packaging, just-in-time (JIT) inventory management, outsourcing of delivery services, and increased technological capabilities.

With the decline of manufacturing jobs nationwide, logistics has become an attractive target for many communities because it provides some of the advantages once inherent in manufacturing employment. Most notable among these is the presence of well-defined skill ladders with opportunities for advancement based on experience and on-the-job learning. The industry’s ability to provide relatively good paying jobs for unskilled workers, coupled with the county’s locational advantages makes logistics a logical target for Kittitas.

Why is it a fit for Kittitas County? Kittitas County is currently home to warehouse and distribution operations primarily related to timothy hay. The pursuit of additional logistics operations could leverage the county’s central location within the state and proximity to the intersection of two significant transportation routes – Interstate 90 and Interstate 82. In addition, the county does have some available land that might be a fit for this type of activity. However, targeting this sector presents a number of challenges. Logistics firms generally consume large tracts of land, which may limit the county’s ability to accommodate these operations. While requirements vary widely, a minimum lot size of 50 acres is not unusual, due to the size of facilities (buildings can range from 250,000 to well over 1 million square feet), as well as the need for parking and traffic circulation within the site. In addition, increased truck traffic and an influx of truck-oriented businesses (truck stops), can have a negative effect on the image of a community. Finally, competition from surrounding counties, particularly Yakima, cannot be overlooked.



Strategies to support this sector include:

- 4.23 **Support improvements to I-90.** The condition of Interstate 90 affects all sectors, but it is fundamental to the movement of goods. Where possible, the EDG and its partners should participate in planning initiatives related to I-90 and other transportation-related projects. Doing so not only supports priority sectors like logistics and agriculture, it also helps satisfy the EDG’s regional planning requirement under its ADO contract.
- 4.24 **Build on existing strengths.** The county’s strengths in agriculture and natural-resource industries should form the starting point for targeting efforts.
- 4.25 **Focus on technology.** Within the logistics and distribution sector, the EDG should focus on firms using the most sophisticated supply chain management technologies. Specialized software and inventory control systems, such as radio frequency identification (RFID), are becoming standard tools within the industry.
- 4.26 **Explore potential to attract specialized services.** Specialized services, such as multi-temperature warehousing or certified food-grade facilities, represent a specific niche within logistics that could be linked with regional industries.
- 4.27 **Continue exploring the potential of intermodal transportation opportunities related to utilizing empty containers returning from the Puget Sound region.**

ABOUT LOGISTICS

Supply chain management (SCM) companies oversee the flow of materials, information, and finished goods as they move from supplier to manufacturer to retailer and final consumer. These companies typically have a large information technology component designed to enhance inventory control and just-in-time manufacturing to help control costs.

Third-party logistics, or 3PL, is a growing segment of the logistics industry. 3PL firms provide a variety of services, including assembling and repackaging materials, consolidating orders and shipments, and physically delivering goods to customers. 3PLs typically serve a number of clients from a single facility.

Reverse logistics is an increasingly important segment of logistics and distribution activities. Reverse logistics focuses on the movement and management of products and resources after the sale and after delivery to the customer. The concept includes product returns for repair and/or credit, as well as the growing trend towards re-manufacturing and recycling.

E-commerce fulfillment centers are another aspect of logistics that is growing rapidly. These firms provide distribution-related functions for goods purchased via the Internet by consumers and/or businesses, providing a cost-effective means for “unit of one” shipping to consumers who make purchases online.



5 TALENT

The primary purpose of traditional economic development marketing is to generate interest from companies with expansion or relocation plans. However, given the importance of a skilled workforce to corporate recruitment, economic development initiatives should also focus on talent attraction and retention. This focus is particularly important as part of a long-term strategy. While national economic trends may have pushed back retirement for many, mitigating the impact of the baby boom retirement, the country will still face a shortage of workers in many parts of the country.

For Kittitas, this strategy is likely to be less about attracting talent than it is about leveraging the talent already in the county and retaining those that pass through CWU. The following strategies support this goal:

5.1 **Strengthen Kittitas County’s leadership base and involvement in economic development.** Promoting and retaining leadership is a long-term, invaluable component to economic development. Without committed leaders, economic development practitioners often find themselves lacking the necessary support to undertake needed initiatives. Not only can local leaders aid in the improvement of the local business climate, but they can also be effective in marketing Kittitas County in the course of their business-related interactions.

5.1.a Raise awareness of economic development issues and build support among Kittitas County’s leadership and citizenry.

- *Economic Summit.* Establish an annual Kittitas County Economic Summit to keep leaders and citizens informed of economic opportunities and challenges in the community, metropolitan area, and Central Washington. The summit should include information regarding economic trends and business climate issues (e.g., taxation, initiatives, and business announcements). As an alternative to establishing a new event, EDG could approach the CWU College of Business about participating in their Annual Economic Outlook Conference.

LABOR SHORTAGE AHEAD?

In the years ahead, a growing portion of the experienced working age population in Kittitas County will begin to pass age 65. By 2030, the senior age cohort is expected to account for 18 percent of the population, signaling a potential squeeze in the size of the available labor force.



- Meet quarterly with existing leadership organizations, key individuals, and other decision makers to provide opportunities for private discussions and input on Kittitas County’s business climate issues.
- Establish a long-term planning process for updating progress on specific goals and priority projects. Consider coordinating process with annual economic summit.

5.2 **Develop a new generation of leaders.** A concern expressed to the consulting team by some long-serving leaders is an apparent generational gap among the region’s political, civic, and business leaders and volunteers. Most have been actively involved in the region’s affairs for years or decades. They fear that without a younger generation prepared and motivated to succeed them these and other initiatives will fail over the long term.

5.2.a Create a Next Generation Leadership Initiative. Ellensburg, like hundreds of communities, is currently served by a Leadership Ellensburg organization. While programs such as these provide a valuable service to both participants and the community, there is a need to elevate the issue of generational leadership to a higher plane. The issue of long-term civic engagement by younger generations should be addressed at the community level. Most importantly, in order to succeed, this initiative must be organized and led by young people themselves.

Local economic development partners should form a countywide Next Generation Task Force comprised of professionals and volunteers in their 20s and 30s. The purpose of the task force is twofold: (1) understand the primary barriers to this generation’s civic engagement; and (2) design innovative methods of outreach and engagement.

- Needs Assessment. The task force should conduct a needs assessment that identifies the issues and barriers to civic engagement by young adults in the county. The needs assessment should include a regional survey



and focus groups to identify the primary issues and barriers to civic engagement.

- Social mapping. A young adult social network mapping initiative should also be a goal of the survey and focus groups. The idea is to map relationships between people, groups, and places in order to identify common interests, relationships, and locations for interaction. Once the nodes are identified, targeted strategies for engaging young adults can be designed.

5.2.b Look for innovative approaches to civic engagement. Initiatives such as the “Annie’s List” Campaign School (see box) are tailored to encourage participation in the political process by a specific segment of the population, namely pro-choice Democratic women in Texas. However, a more inclusive approach could be applied to this model.

5.3 **Target specific segments for recruitment**. While talent development and retention is the focus of this strategy, there are specific groups where an attraction strategy may be relevant. Attention should be given to these segments during the development of marketing and image campaigns for the county.

5.3.a Healthcare. While this plan does not advocate healthcare as a sector for company recruitment, the county’s lack of healthcare professionals is a concern. The following actions could support a healthcare recruitment initiative:

- Support new ancillary healthcare programs at CWU and link these programs to Pacific Northwest University Medical School in Yakima (examples include pharmacy, physical therapy, diet and nutrition). Can joint programs be developed?
- Recruit medical students at Pacific Northwest to complete their residency training at Kittitas Valley Community Hospital. Statistics indicate many

ANNIE’S LIST

The “Annie’s List” Campaign School selects a small number of recent female college graduates to participate in an intense week-long training on all aspects of political campaign taught by local campaign professionals. Upon graduation, participants are placed on campaigns of candidates the organization endorses for the last three months of the election (www.annieslist.org).



physicians will remain in the same area to practice medicine. Pacific Northwest’s first class just completed its first year of school. These students will be able to start their own practices in seven years.

- The EDG could help with physician recruitment by helping to find employment opportunities for spouses. Under this approach, the EDG would serve as a liaison making contacts with local employers based on information about the spouse’s education and career aspirations provided by the hospital.

5.3.b Military. The presence of the Yakima Training Center (YTC), a portion of which lies in Kittitas County, provides an opportunity to attract military veterans and retirees into the county. While most YTC personnel are not likely to end their military careers while training at the Post, Kittitas County should make every effort to make the soldiers feel welcome in the county and convey a good impression of the county. Instilling a positive feeling about Kittitas County may convince some soldiers to return to the county after their service ends.

- The EDG executive director and other area officials should meet with YTC Garrison Commander to establish personal ties, hear about issues of mutual concern, and offer to assist YTC meet its mission.
- Local partners should consider organizing a Yakima Training Center Appreciation Day in the county. Local officials should organize an event that recognizes the impact of YTC on the region and importance of the facility to the nations’ defense. Military officials and soldiers stationed at the post should be invited to attend the event held in their honor.

5.3.c Creative arts. The county is home to a growing creative arts community and scene. CWU, especially its highly regarded music department, fuels this growth. Local partners should seek to leverage this asset from a talent standpoint. As an example, Austin markets itself as the *Live Music Capital of*

APPEAL OF MILITARY VETERANS TO PRIVATE EMPLOYERS

- Demonstrated leadership and managerial skills
- Training to industry standards
- The ability to adapt quickly to change
- Knowledge of advanced technologies
- Experience working effectively under extreme pressure
- Education and professional certification credentials
- Strong work ethic
- Experience working within and/or leading diverse teams
- Effective written and verbal communications skills
- Security clearances
- History of accepting and following orders from superiors



the World. Without quite so much ambition, local tourism and arts organizations could position Ellensburg as an emerging focal point for creative arts development in the Pacific Northwest.

- 5.4 **Formalize education’s role in talent recruitment.** The attraction and retention of alumni from local educational institutions is a promising strategy for developing the region’s talent base. Ensuring that all institutions have a formal approach to reconnecting with alumni should not be overlooked. This would include compiling alumni databases, conducting surveys, and developing promotional materials, e-mail newsletters, and blogs to keep the region fresh in the minds of former students.
- 5.5 **Leverage tourism marketing for talent attraction.** Kittitas County is already a popular tourist destination. However, the county has not leveraged existing tourism marketing for talent and business attraction. As a result, the county is missing a prime opportunity to translate local tourists into local talent. This strategy can touch on a number of areas:
- 5.5.a Identify a complementary theme. Finding a common theme between tourism marketing and talent attraction can be an effective strategy. For example, the 2009 leadership class in New Braunfels, Texas, developed a post card campaign to advertise the communities many amenities. Using the slogan “Never the Same Day Twice,” these cards will be used to guide tourists to specific attractions and events, as well as to promote the area to potential new residents.
- 5.5.b Tie to meetings and conventions. Focus a convention and meeting strategy on targeted occupations, groups, and industries. This brings people who fit talent needs to the region and exposes them to the area’s amenities. The types and size of these conventions and meetings would be dependent on meeting and hotel space. For Kittitas, this strategy may also need to rely on targeting events in adjacent counties.



5.6 **Explore social media.** An increased use of social media and networking should be an essential part of any talent campaign, as these tools are rapidly becoming the media that young professionals rely on to communicate and get information. For example, YouTube videos are an inexpensive way to highlight amenities, festivals, or cultural events. To successfully implement this strategy, there must be a recognition that this market changes rapidly. These tools continually evolve – for example, last year’s MySpace users today use Facebook. In six months, the most popular social networking tool may be one that has not even launched today. Fortunately, the “investment” in these technologies is limited primarily to time.



6 ORGANIZATIONAL CONSIDERATIONS

Organizational issues arise in virtually any planning effort, and particularly in economic development. This plan is no exception. Its purpose is to provide the EDG and its partners with specific guidance regarding the commitment of resources for enhancing the economic vitality of Kittitas County. Integrating the interests of the upper and lower county -- in other words, presenting the county as a single region -- should be a focus of this strategy.

Thinking regionally means thinking beyond political boundaries to the boundaries of those sharing a common interest. It means understanding that planning within a region is not synonymous with regional planning. It means building coalitions – often informal – that are tailored to specific issues, many of which cross jurisdictions. Examples of cross-jurisdictional concerns include job creation, workforce development, tourism, transportation, land use, housing, and environmental quality.

We have separated the supporting actions into two broad categories: organizational structure and image and marketing.

Organizational Structure

Perhaps the greatest challenge to successful economic development is organizational structure. Too often, efforts are hampered by the existence of numerous organizations with overlapping and poorly defined missions – none of which may have adequate funding to carry out their duties. Alternatively, the lead organization may be understaffed, under-funded, or uncertain of its mission. Such is the case for EDG. Failure to address these concerns will dramatically decrease the EDG’s ability to conduct an effective retention and recruitment effort.

In this admittedly sensitive area, TIP recommends a reconsideration of EDG staffing and the commitment of greater resources by which to implement this plan. In arriving at this recommendation we have considered the ways in which economic development organizations should be assessed:

1. The authority by which they conduct economic development.

THINKING REGIONALLY

Regions can be defined by geography, economic interaction, institutional or governmental jurisdiction, or by social or cultural characteristics. The benefits of a regional approach include:

Coordination. By working together to attract industry, local organizations can maximize their resources while demonstrating to prospective businesses that the region is dedicated to supporting business growth.

Cost savings. Economies of scale, especially where fixed costs are high can provide tremendous cost savings to participating communities.

Leveraging funds. Local governments acting together typically have a better chance of attracting state and federal resources.

Increased market. Regional marketing for tourism and economic development is more effective than a single local effort. By drawing on the strengths of each community, a regional approach can be more balanced and more holistic in its offerings to prospective businesses and tourists.

Environmental quality. Among the “boundary-spillover” issues are environmental impacts on water, air, and other natural resources. Purely local approaches to most environmental problems do not work.



2. The funding that allows the organizations to carry out that authority.
3. The organization’s relationship to other entities in the community.
4. The capacity, including staffing and other resources, to execute a plan.

Authority > The Economic Development Group of Kittitas County was created in 1998 and designated by the Kittitas County Commissioners as the Associate Development Group for the county. In 2004, the name of the organization was changed from Phoenix Economic Development Group to the current name. EDG is a 501(c)3 non-profit corporation led by a 21-member board of directors. The EDG is charged with carrying out economic and industrial development and redevelopment within the county.

Funding > Current funding for the EDG is insufficient to catalyze the plan. Wholly dependent on the county, the cities, and the state of Washington, EDG finds itself in a difficult position if it wants to expand its capacity. The options for doing so are limited:

- additional city and county funding
- private funding (corporations)
- regional initiative (cooperative agreements)
- foundations
- state and federal

A capital campaign can, of course, include all of the above options. Regardless of the funding options pursued, implementation of the plan will require a significant investment by local constituents over an extended period of time.

Relationship > A key consideration is clarity of mission across all organizations. This is what marks the strongest economic development efforts. In addition to the EDG, there are a



handful of local chambers of commerce and associations with some relationship to economic development.

While it is not within the purview of this plan to address these organizations directly, we recommend a formal merger of the EDG and local chambers into a countywide chamber responsible for all economic and business development functions in Kittitas County. Such a merger would act to pool scarce resources and eliminate duplicative efforts. To address the business and economic development needs of upper Kittitas County, the new organization should staff an office in either Cle Elum or Roslyn two days a week along with maintaining the visitors information centers in Ellensburg and Cle Elum which are open seven days a week.

Such a merger is not unprecedented in the state of Washington. In 2007, the Spokane Chamber of Commerce and the area's economic development council merged to form Greater Spokane Incorporated. The objective of the merger was to establish a single, go-to organization for all economic development activities.

Other issues to consider include:

- A single, unified economic development structure is useful, even in a diverse region.
- To combine existing organizations, strong and influential leadership must take the lead in advocating
- Consider staffing issues in the merger – not just the obvious things like layoffs, but how personnel will handle things such as new titles or different ranks.
- Capitalize on opportunities for structural change.
- Maintain a presence in communities throughout the county. Key to maintaining countywide support is regular communication.
- Local-level involvement (such as the advisory boards) is important.



- Local interests do not have to override or conflict with the broader county’s interests and economic development activities.

Capacity > The current lack of staffing (two people) at EDG makes it difficult to address the many strategies identified in this plan. A new consolidated organization presents the opportunity to expand staffing capacity. Ideally, a new economic development organizational structure for the county will designate a president/executive director to manage the organization. Two additional staff positions – one directing business attraction and another directing business retention and expansion – should be established. A position dedicated to marketing and communications may also be considered. The organization should also establish needed office and administrative support positions.

Image & Marketing

Marketing is implicit in a number of the strategies laid out in this plan. We have suggested specific strategies for marketing to companies as part of a recruitment initiative and to individuals as part of a talent strategy. These strategies all relate to a larger goal – to present a unified image of the county for economic development. To accomplish this, we suggest organizing marketing initiatives along two areas of focus: an internal marketing campaign aimed at existing businesses and residents and an external campaign designed to raise awareness of Kittitas among decision makers and individuals outside the county.

6.1 **Initiate a local positive image campaign.** One of the most important targets of any marketing effort should be the people and businesses already in the county. They are the ones who have already made an investment in the area and they represent Kittitas County on a daily basis. Making sure that existing residents and local business leaders have a positive image of their community is critical to the success of any external campaign, as these are the people who can best tell the Kittitas story to the outside world.

6.1.a Develop and implement an internal marketing effort. This is designed to promote a positive image of Kittitas County among residents and build awareness regarding current economic and community development



initiatives. This effort should promote a positive image of Kittitas County not only to local residents, but those living throughout central Washington. The campaign should be coordinated with the cities, the county, downtown organizations, educational institutions, and other partners.

Some cost effective initiatives that can be utilized to market Kittitas internally include:

- Develop a single county-wide “calendar of events.” The calendar can be established on a new stand-alone site or within a social networking site such as Facebook. This would allow various community organizations and individuals to manually update their events on the calendar and link to it on their own websites.
- EDG and its partners should work with the local media, including both print and broadcast media, to promote positive stories about the community. Something as simple as highlighting local business achievements or including human interest stories can help create a positive image of the community for local residents.
- Develop a “speakers bureau” of professionals that are available to speak at community meetings and promote local initiatives.

6.2 Enhance the image of Kittitas County within the Pacific Northwest. Beyond standard economic development marketing strategies, EDG should work with local partners to utilize non-traditional social networking tools for enhancing the image of Kittitas County within the region.

6.2.a Influence the image of Kittitas County portrayed on the Web.

- Assume ownership of Kittitas County’s entry on Wikipedia. Regularly update the information and data with references.



- Establish a new Facebook page for EDG. Join other Kittitas-related Facebook groups to influence content.
- Create a Twitter account to update and inform regional residents and followers of new announcements, upcoming events, and salient issues.
- Create a blog section of the EDG website to provide content and connect to other sites.
- Coordinate social media strategies with other organizations in the county such as local chambers and downtown organizations.

6.3 **Continue to raise awareness of Kittitas County as a destination for new investment.** An externally-directed economic development marketing campaign should include the following targets audiences described below.

6.3.a Brokers & developers. Initial targets should be brokers & developers in central Washington and Puget Sound. Continuing to build on these relationships will require high-profile exposure.

6.3.b Other professionals. Site location consultants and real estate professionals should be made aware of the area as a prime business location.

6.3.c Target companies. Select companies within priority sectors to build awareness and encourage them to visit the area.

6.3.d Current prospects. The best prospects for recruitment are those that have already expressed an interest in the county. This group should be kept up to date on new developments.

6.3.e Intelligence gathering. The EDG should compile and maintain resource information for each target industry sector. This would include identifying associations for each industry sector as well as following industry trends. This can be accomplished by monitoring trade publications or purchasing



industry data and reports from private sources, such as Hoover's, Economy.com, or relevant trade associations. Participation in industry trade events (trade shows) should be part of this effort, as it provides a means for increasing Kittitas County's exposure as well as staying current on industry needs.

- 6.3.f Marketing materials. The bulk of the county's promotion effort should be focused on creating marketing materials for key development opportunities. In addition to these long-term projects, materials should be designed for specific industry targets as the timing becomes appropriate. This effort could begin with a simple marketing letter and expand to more expensive options as appropriate.
- 6.3.g Strategy. The intelligence gathered in item 6.3.e should be used to help identify the best channels for reaching the target audience. Options include direct mail, e-mail, and specialized websites. This task should also consider the question of timing.



IMPLEMENTATION

STRATEGY / ACTION ITEMS		TIMELINE				
Description	Lead Organization(s)	0-6 MOS	6-12 MOS	2-3 YRS	4-5 YRS	On-going
■ - Lower Priority; ■■ - Medium Priority; ■■■ - Higher Priority						
GOAL ONE: FORMALIZE AND ENHANCE BASELINE ECONOMIC DEVELOPMENT ACTIVITIES.						
TECHNICAL ASSISTANCE						
1.1	Redesign the EDG website.	EDG	■■■	■		
1.2	Continue to improve on-line presence.			■■■		
1.3	Maintain professional print materials.			■■		
1.4	Compile information on incentives.		■■			
1.5	Consider benchmarking program.				■	
1.6	Participate in regional planning initiatives.					■
BUSINESS RETENTION AND EXPANSION						
1.7	Maintain an inventory of existing businesses and available properties.	EDG		■■■		
1.8	Administer a regularly scheduled survey of employers.				■■	
1.9	Conduct business visitations.		■■■			
1.10	Create a forum.				■■	
1.11	Provide networking opportunities.					■
1.12	Have an intervention strategy.					■
1.13	Report on progress.				■■■	
BUSINESS RECRUITMENT AND PROSPECT MANAGEMENT						
1.14	Conduct lead generation activities.	EDG		■■	■■	

IMPLEMENTATION

STRATEGY / ACTION ITEMS		TIMELINE				
Description	Lead Organization(s)	0-6 MOS	6-12 MOS	2-3 YRS	4-5 YRS	On-going
■ - Lower Priority; ■■ - Medium Priority; ■■■ - Higher Priority						
1.15	Establish prospect management system.		■■	■■		
1.16	Provide relocation assistance.		■■	■■		
GOAL TWO: SUPPORT AND LEVERAGE CENTRAL WASHINGTON UNIVERSITY FOR ECONOMIC DEVELOPMENT.						
2.1 ENGAGE IN COOPERATIVE MARKETING WITH CWU.						
2.1a	EDG should incorporate information regarding specific academic and training programs at CWU in its economic development marketing materials.	EDG		■■		
2.1b	CWU should provide updated county-wide information, data, and events on its website and in their student recruitment materials.	CWU		■■		
2.1c	CWU should also consider inviting community and chamber representatives to participate in student and faculty recruitment events.	CWU			■	
2.1d	The EDG should help promote conferences and events at CWU that relate to priority sectors.	EDG			■	
2.2 LEVERAGE UNIVERSITY INSTRUCTION AND RESEARCH ACTIVITIES FOR ECONOMIC DEVELOPMENT IN KITTITAS COUNTY.						
2.2a	Support the university's efforts at increasing the number of external grants and contracts awarded to CWU through the CWURF.	EDG, CWU, CWURF				■■
2.2b	Market the education, training, and facility assets offered by Hogue Technology Building.	CWU, EDG			■■	
2.2c	Lobby state legislative and higher education officials to expand the ability of Washington's public comprehensive universities to engage in basic research and development.	CWU, EDG, CHAMBERS, CITIES, COUNTY				■■■



IMPLEMENTATION

STRATEGY / ACTION ITEMS			TIMELINE				
Description	Lead Organization(s)	0-6 MOS	6-12 MOS	2-3 YRS	4-5 YRS	On-going	
■ - Lower Priority; ■■ - Medium Priority; ■■■ - Higher Priority							
2.2d	Identify area leaders and prominent alumni that might serve as “champions” to support (financially or otherwise) technology transfer efforts.	CWU, EDG, CHAMBERS				■	
2.2e	Work with CWU officials to catalog and publicize research efforts that have the greatest potential for local commercialization.	CWU, EDG			■■		
2.2f	Explore the potential for the creation of a local seed capital program to fund local startups with the assistance of area financial institutions and business leaders, as well as prominent alumni.	CWU, EDG, FINANCIAL COMMUNITY				■■	
2.2g	Celebrate local success stories (when startups are launched or significant contracts are secured) in the local media with press releases and through a newsletter to alumni and the business community.	CWU, EDG, CHAMBERS	■■■				
2.3 STRENGTHEN RELATIONSHIPS BETWEEN CWU AND THE REGIONAL BUSINESS COMMUNITY.							
2.3a	Establish a university/business alliance to explore options for leveraging faculty and institutional expertise to assist existing employers, startups, and entrepreneurs in Kittitas County.	CWU, EDG, CHAMBERS		■■■			
2.3b	Foster stronger ties between the university and the county’s business community and policy makers.	CWU, EDG, CHAMBERS			■■■		
2.3c	Leverage job placement programs at CWU to assist current students and recent graduates in finding local career options at local businesses in Kittitas County.	CWU, EDG, CHAMBERS				■	
2.4 INVESTIGATE FEASIBILITY OF A DOWNTOWN INCUBATOR FOR PROFESSIONAL SERVICES FIRMS.							
2.4	Investigate feasibility of a downtown incubator for professional services firms.	CWU, EDG, CHAMBER, EDA			■■■		



IMPLEMENTATION

STRATEGY / ACTION ITEMS			TIMELINE				
Description	Lead Organization(s)	0-6 MOS	6-12 MOS	2-3 YRS	4-5 YRS	On-going	
■ - Lower Priority; ■■ - Medium Priority; ■■■ - Higher Priority							
		DEVELOPERS					
2.5 WORK WITH CWU TO CONNECT STUDENTS TO COMMUNITY LIFE.							
2.5	Work with CWU to connect students to community life.	CWU, CHAMBER, CITY			■■		
2.6 LINK DEVELOPMENT TO CWU.							
2.6	Link development to CWU.	CWU, EDG, CHAMBER, EDA DEVELOPERS			■		
2.7 EXPAND AND PROMOTE UNIVERSITY-SPONSORED EVENTS.							
2.7	Expand and promote university-sponsored events.	CWU, CITY, CHAMBER				■■	
GOAL THREE: BUILD ON RECREATIONAL TOURISM OPPORTUNITIES IN THE COUNTY AND SURROUNDING REGION.							
3.1	Conduct inventory of specific tourism assets.	CHAMBERS, EDG, STATE & FED PARTNERS		■■■			
3.2	Coordinate with retail strategy.	CHAMBERS, EDG			■■■		
3.3	Take an “inside-out” tour.	CHAMBERS		■■			
3.4	Expand and coordinate marketing efforts.	CHAMBERS, EDG			■■■		
3.5	Monitor passenger rail initiatives.	ALL				■	



IMPLEMENTATION

STRATEGY / ACTION ITEMS			TIMELINE				
Description	Lead Organization(s)	0-6 MOS	6-12 MOS	2-3 YRS	4-5 YRS	On-going	
■ - Lower Priority; ■■ - Medium Priority; ■■■ - Higher Priority							
GOAL FOUR: FOCUS ON PRIORITY SECTORS.							
ALTERNATIVE ENERGY							
4.1	Promote alternative energy research at CWU.	CWU, CWURF, EDG			■■■		
4.2	Support workforce training in the region.	CWU, WORKSOURCE, EDG			■■		
4.3	Support recruitment and expansion of alternative energy-related firms.	EDG, EBDA, CWU				■■■	
4.4	Initiate a capital and financing strategy.	EDG, EBDA, CWU				■■	
4.5	Expand base of alternative energy related service providers.	EDG, EBDA			■■		
4.6	Emphasize alternative energy in county-wide image and branding.	EDG	■■■				
PROFESSIONAL SERVICES							
4.7	Build sector from within.	EDG, CHAMBERS			■■■		
4.8	Identify targets.	EDG, CWU			■■■		
4.9	Implement direct recruitment strategy.	EDG, CHAMBERS				■■	
4.10	Ensure appropriate space is available.	EDG, CWU, CITY, DEVELOPERS			■■■		
4.11	Target incentives to this sector.	EDG, CITY,				■■	

IMPLEMENTATION

STRATEGY / ACTION ITEMS			TIMELINE				
Description	Lead Organization(s)	0-6 MOS	6-12 MOS	2-3 YRS	4-5 YRS	On-going	
■ - Lower Priority; ■■ - Medium Priority; ■■■ - Higher Priority							
	DEVELOPERS						
4.12	Engage the “free agent economy.” EDG, CHAMBERS				■■		
4.13	Provide general support. EDG, CHAMBERS, CITIES					■■	
LIGHT INDUSTRIAL & ASSEMBLY							
4.14	Build on core industries. EDG			■■			
4.15	Target specific characteristics. EDG			■■			
4.16	Increase local skills training options. WORKSOURCE, STATE, EDG				■■■		
AGRICULTURE/NATURAL RESOURCES							
4.17	Work with state officials to attract new small-scale, targeted timber operations. Link to biomass strategy. EDG, STATE AGENCIES			■■			
4.18	Work with national hay association, the state, and USDA to development new export markets for timothy hay. EDG, STATE, USDA, HAY ASSN.				■■		
4.19	Promote diversification of the county’s agricultural base, especially in emerging organic farming. STATE, AG SECTOR				■		
4.20	Organize an annual county agricultural roundtable. EDG, COUNTY			■■			
4.21	Support preservation of long-term water sources. ALL					■■■	
4.22	Preserve farm land. COUNTY			■			

IMPLEMENTATION

STRATEGY / ACTION ITEMS			TIMELINE				
Description	Lead Organization(s)	0-6 MOS	6-12 MOS	2-3 YRS	4-5 YRS	On-going	
■ - Lower Priority; ■■ - Medium Priority; ■■■ - Higher Priority							
TRANSPORTATION AND LOGISTICS							
4.23	Support improvements to I-90.	COUNTY, EDG				■■■	
4.24	Build on existing strengths.	EDG			■■		
4.25	Focus on technology.				■■		
4.26	Explore potential to attract specialized services.				■■		
4.27	Continue exploring the potential of intermodal transportation opportunities related to utilizing empty containers returning from the Puget Sound region.				■■		
GOAL FIVE: IMPLEMENT TALENT DEVELOPMENT, RETENTION, AND RECRUITMENT STRATEGY.							
5.1 STRENGTHEN KITTITAS COUNTY'S LEADERSHIP BASE AND INVOLVEMENT IN ECONOMIC DEVELOPMENT.							
5.1a	Raise awareness of economic development issues and build support among Kittitas County's leadership and citizenry.	EDG			■■■		
5.2 DEVELOP A NEW GENERATION OF LEADERS.							
5.2a	Create a Next Generation Leadership Initiative.	CHAMBERS, COMMUNITY ORGANIZATIONS			■■		
5.2b	Look for innovative approaches to civic engagement.				■		
5.3 TARGET SPECIFIC SEGMENTS FOR RECRUITMENT.							
5.3a	Healthcare	EDG, CHAMBERS, COMMUNITY ORGANIZATIONS			■■		
5.3b	Military				■		
5.3c	Creative Arts				■		

IMPLEMENTATION

STRATEGY / ACTION ITEMS			TIMELINE				
Description	Lead Organization(s)	0-6 MOS	6-12 MOS	2-3 YRS	4-5 YRS	On-going	
■ - Lower Priority; ■■ - Medium Priority; ■■■ - Higher Priority							
5.4 FORMALIZE EDUCATION’S ROLE IN TALENT RECRUITMENT.							
5.4	Formalize education’s role in talent recruitment.	CHAMBERS, CWU, K-12, EDG			■■		
5.5 LEVERAGE TOURISM MARKETING FOR TALENT ATTRACTION.							
5.5.a	Identify a complementary theme.	EDG, CHAMBERS			■■		
5.5.b	Tie to meetings and conventions.				■■		
5.6 EXPLORE SOCIAL MEDIA.							
5.6	Explore social media.	CHAMBERS, COMMUNITY ORGANIZATIONS			■■		
GOAL SIX: ADDRESS ORGANIZATIONAL AND MARKETING CONSIDERATIONS.							
ORGANIZATIONAL STRUCTURE							
	Merge EDG and local chambers into a countywide chamber responsible for all economic and business development functions in Kittitas County.	EDG, CHAMBERS, CITIES, COUNTY, BUSINESS COMMUNITY			■■■		
	Increase countywide economic development funding.	EDG, CHAMBERS, CITIES, COUNTY, BUSINESS COMMUNITY			■■■		



IMPLEMENTATION

STRATEGY / ACTION ITEMS			TIMELINE				
Description	Lead Organization(s)	0-6 MOS	6-12 MOS	2-3 YRS	4-5 YRS	On-going	
■ - Lower Priority; ■■ - Medium Priority; ■■■ - Higher Priority							
	Increase economic development staffing.	EDG, CHAMBERS			■■■		
6.1 INITIATE A LOCAL POSITIVE IMAGE CAMPAIGN.							
6.1.a	Develop and implement an internal marketing effort.	CHAMBERS, CITIES, COMMUNITY ORGS, EDG				■■	
6.2 ENHANCE THE IMAGE OF KITTITAS COUNTY WITHIN THE PACIFIC NORTHWEST.							
6.2.a	Influence the image of Kittitas County portrayed on the Web.	CHAMBERS, COMMUNITY ORGS, EDG	■■■				
6.3 CONTINUE TO RAISE AWARENESS OF KITTITAS COUNTY AS A DESTINATION FOR NEW INVESTMENT.							
6.3.a	Brokers & developers	EDG	■■■				
6.3.b	Other professionals			■■■			
6.3.c	Target companies				■■		
6.3.d	Current prospects					■■	
6.3.e	Intelligence gathering				■■		
6.3.f	Marketing materials			■■■		■■	
6.3.g	Strategy						

ECONOMIC ASSESSMENT

The primary goal for the assessment is to arrive at a common understanding of Kittitas County's unique economic strengths, weaknesses, opportunities, and threats. This analysis is expressed in the context of the metropolitan, regional, and national economies as a means for understanding the community's relative position and highlighting its latent and potential competitive advantages.

Methodology & Background

TIP has drawn upon our knowledge of current economic and demographic trends affecting the Pacific Northwest, as well as our experience working in areas throughout the nation. We have applied this knowledge and experience to both qualitative and quantitative analysis methods for developing a full understanding of the Kittitas County economy, including specific barriers to growth and development.

We based our findings on the following elements:

- A review of relevant studies, plans, and other material provided by the Economic Development Group of Kittitas County (EKGKC) and others;
- A review of economic and demographic data from primary and secondary sources, including population growth, migration and commuting patterns, employment distribution and growth, housing patterns, and sales trends (included within this data assessment); and
- Tours of Kittitas County from a development and land-use perspective.

Input > For any plan to be effective, it must respond to the needs of those who will be affected by the plan (residents and businesses) and to the community leaders charged with its implementation. Throughout the Discovery phase, we capitalized on opportunities presented by interviews and focus groups to solicit input from key stakeholders. In addition to the individual business and community leaders who gave their valuable time to participate in



this process, TIP would like to thank representatives of the organizations listed in the adjacent text box.

Assessment > After reviewing past plans and studies and meeting with local partners and interested parties, we completed a targeted analysis of demographic and economic factors that are of greatest concern to business leaders, site selectors, and other economic decision makers. This assessment included an analysis of:

Demographics

- Population patterns
- Age structure
- Migration patterns
- Housing and income
- Traffic and commuting

Economy and Workforce

- Job growth
- Industry employment
- Educational Attainment
- Occupational distribution
- Salaries

Data Benchmarks

- Population
- Commuting patterns
- Housing
- Agriculture & tourism
- Industry employment

ORGANIZATIONS & GROUPS REPRESENTED

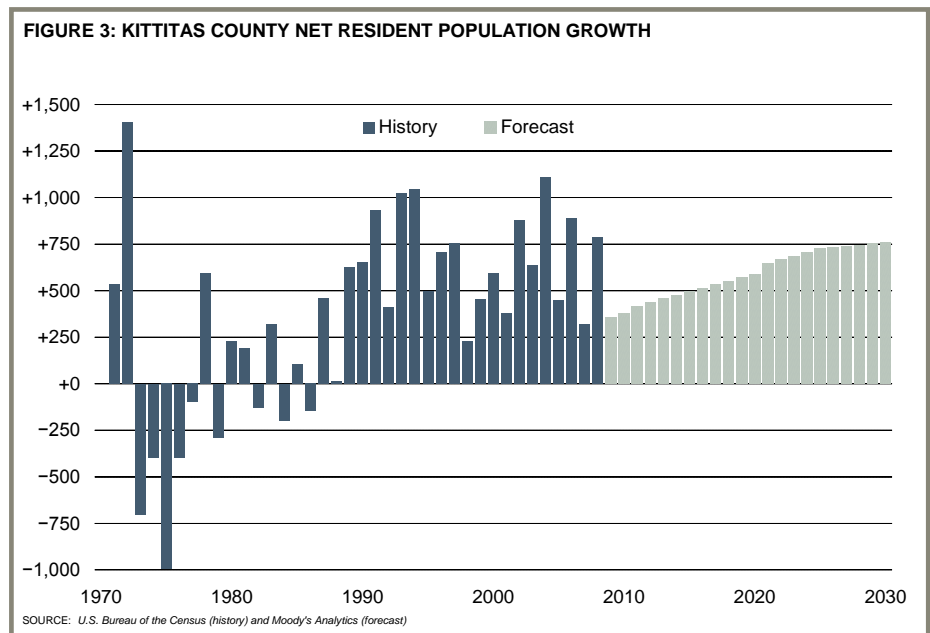
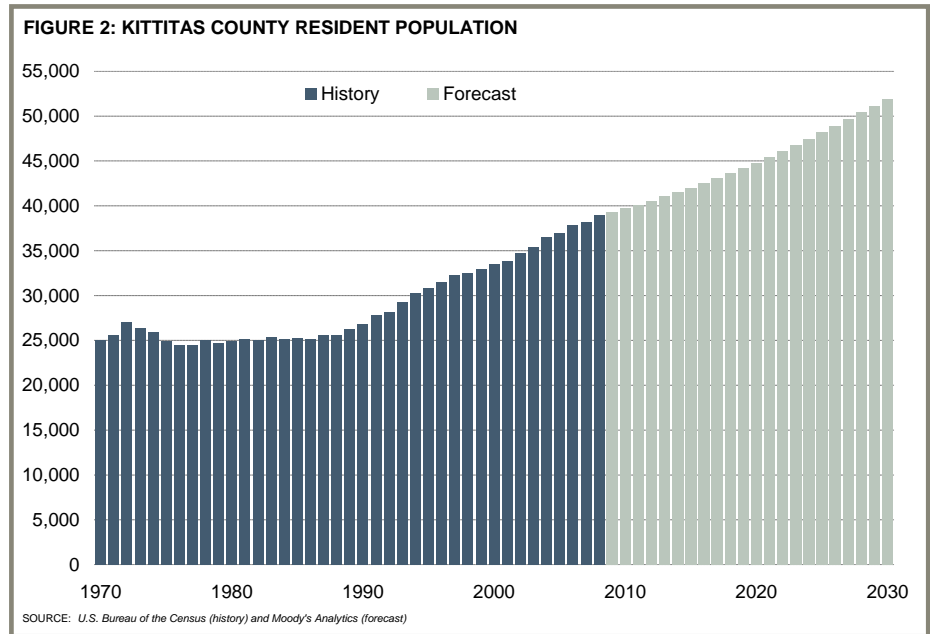
- Economic Development Group of Kittitas County
- Kittitas County
- City of Ellensburg
- City of Cle Elum
- City of Roslyn
- City of Kittitas
- Central Washington University
- Ellensburg Chamber of Commerce
- Kittitas Valley Community Hospital
- Suncadia Resort
- Puget Sound Energy
- Young professionals representatives
- Real estate development representatives
- Downtown business owners
- Agricultural representatives
- Small manufacturers
- Historic Ellensburg
- Kittitas County Conservation Coalition
- Citizens Against Sprawl
- Cle Elum Chamber of Commerce



Demographics

Throughout the 1970s and 1980s, Kittitas County's population remained flat, hovering around 25,000 residents. Beginning in 1989, however, the county's population started surging. Since then, the county has added nearly 15,000 new residents and the population is now approaching 40,000. Moody's Analytics expects this robust growth to continue, projecting the county's population to surpass 50,000 within the next 20 years.

Figure 3 reveals Kittitas County's population growth was more erratic in the 1970s and 1980s, but has steadied in recent years. The county's population has grown for the past 21 consecutive years, in some years adding as many as 1,000 new residents. Moody's projects county population gains ranging between 300 and 800 new residents per year over the next 20 years.

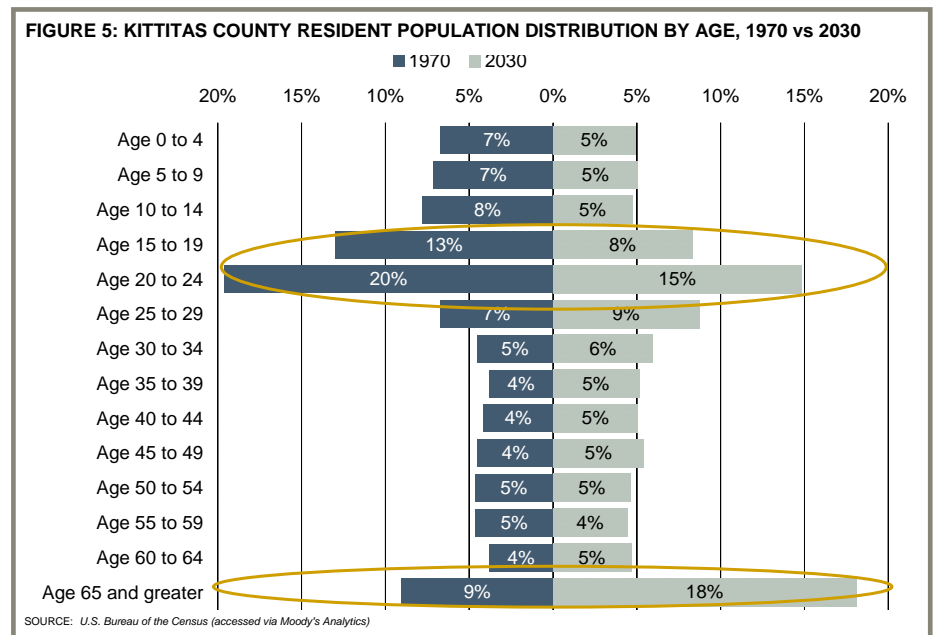
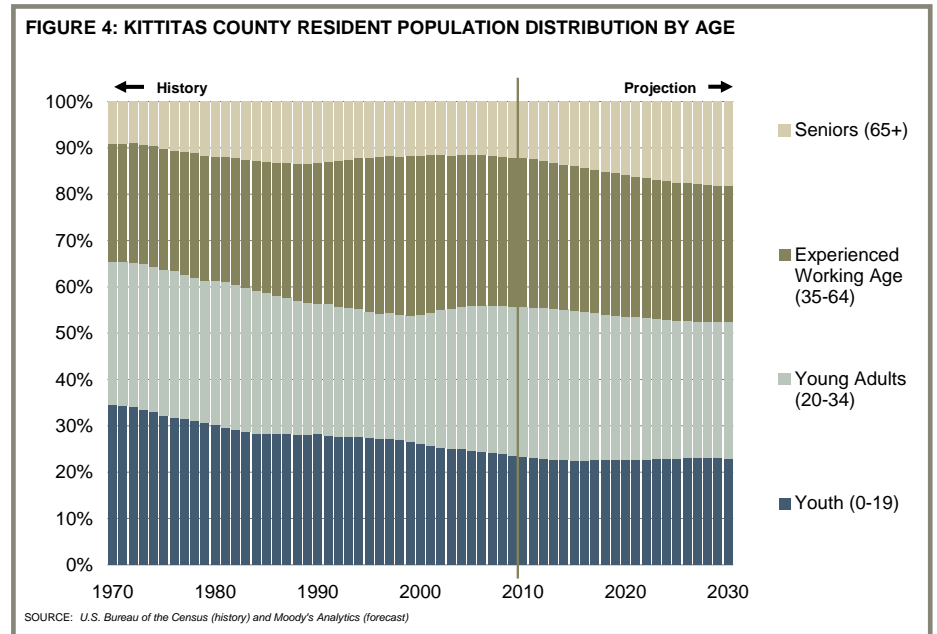


Over the past quarter-century, Kittitas County’s labor force has aged. Like many areas of the nation, the percentage of the county’s experienced working-age population (35 to 64) has increased relative to the percentage of less experienced working-age residents (20 to 34). In 1970, experienced working age residents accounted for 35 percent of the population. By 2000, this percentage had risen to 46 percent.

Furthermore, in the years ahead, a growing portion of the experienced working age population will begin to pass age 65. By 2030, the senior age cohort is expected to account for 18 percent of the population, signaling a potential squeeze in the size of the available labor force.

Figure 5 compares Kittitas County’s age distribution in 1970 to the projected distribution in 2030, providing more detail to the county’s evolving age structure. The current year (2009) falls near the mid-point of this 50-year period of change. College students give Kittitas County a population "bubble" of young adults, but as the overall population of the county grows, the relative share of college-age students recedes.

Meanwhile, the senior share of the population continues to expand. In the nearly 40 years since 1970, seniors have grown from 9 percent to 12 percent of the county's population. The figure also shows this share will increase to 18 percent over the next 20 years. Beyond available workforce issues, such an age structure may place increased pressure on local governments in the form of reduced tax revenue and greater demand for local social and health services.



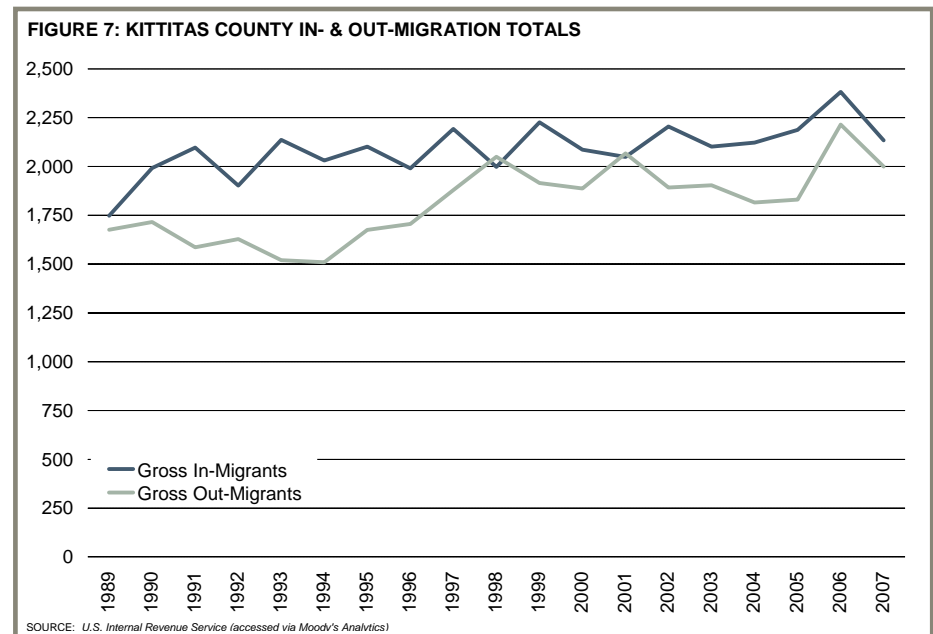
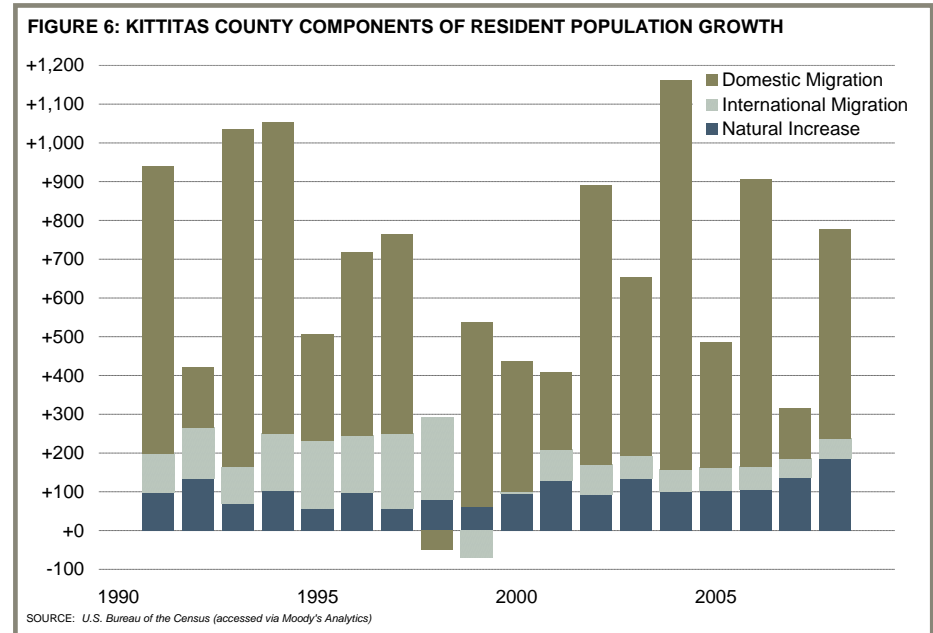
Migration

Population growth is driven by three factors, which are tracked by the US Census Bureau: natural increase, domestic migration, and international migration. Natural increase (number of births minus deaths) and international immigration typically change gradually over time. The third – and most volatile – component of growth is domestic migration, which measures US residents moving into or out of Kittitas County.

According to Figure 6, net international migration into Kittitas County has decreased significantly since 1998. While a tightening of immigration restrictions since 2001 has affected the entire US, the downward trend in international migration to Kittitas County started in 1999, when there was an actual net out-migration of international residents.

Throughout the 1990s and 2000s, domestic migration into Kittitas County has been extensive. With the exception of 1998 when there was a net out-migration, domestic migration has ranged from 129 residents to over 1,000.

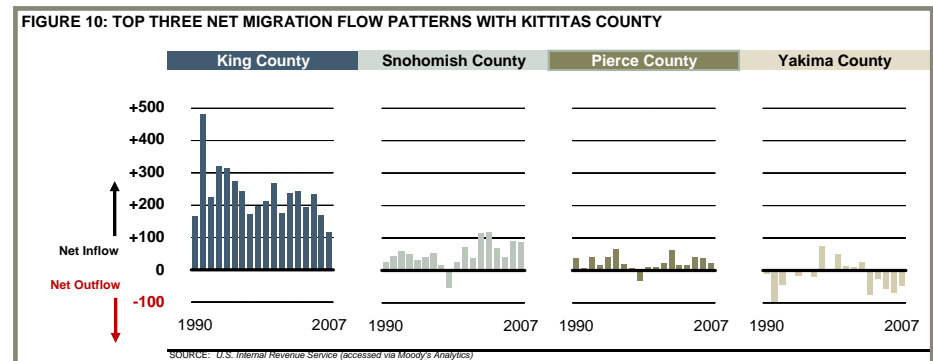
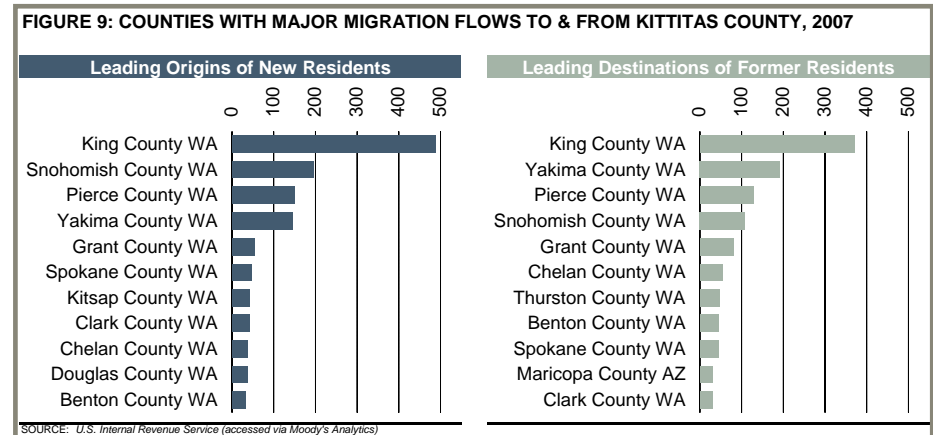
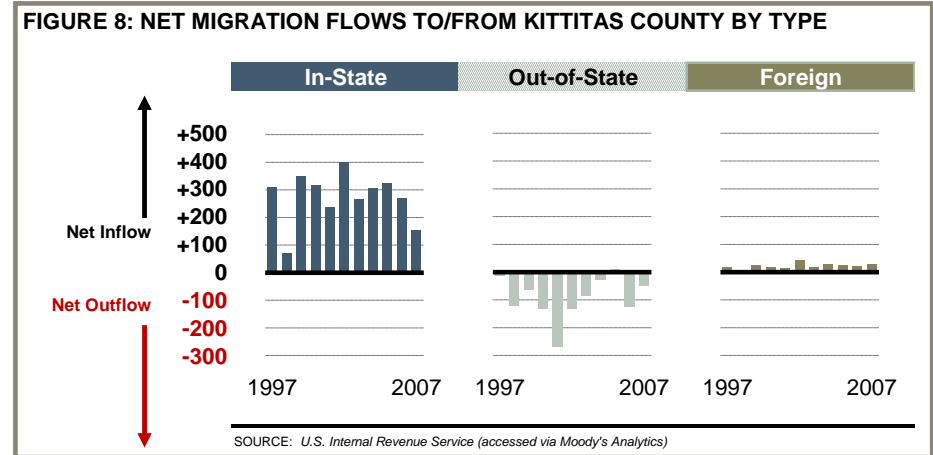
US Census estimates of domestic migration represent a net change. IRS data allows one to assess the gross flows of residents (as represented by the number of exemptions claimed). The IRS tracks the movement of income tax filers from year to year at the county level. An analysis of IRS filings corroborates the US Census estimates. Figure 7 shows the net number of US income tax filers for Kittitas County has been positive in each year of the past two decades except for 1998.



Further analysis of IRS data shows that even though total net domestic migration has been mostly positive from year to year, the net totals are much different when separated into in-state and out-of-state migration flows. Figure 8 demonstrates that net migration patterns within Washington State tend to be consistent net inflows from other counties. Meanwhile, the net patterns with other states tend to be steady net outflows of Kittitas County residents.

Kittitas County exchanges the most residents with adjacent counties in Washington State. As seen in Figure 9, of the top 10 counties from which Kittitas County residents moved, eight are adjacent to Kittitas County. Likewise, of the top 10 counties to which Kittitas County residents moved, six are adjacent. Maricopa County, Arizona (Phoenix) is the only out of state county that attract residents of Kittitas County.

Figure 10 below shows the top four migration flow patterns for Kittitas County from 1990 to 2007. King County is by far the largest origin of new Kittitas County residents, consistently accounting for over 200 new residents. On net, residents most often move from King, Snohomish, and Pierce Counties to Kittitas County. In contrast, on net, residents most often move from Kittitas County to Yakima County.



Housing & Income

Housing trends mirror the population growth patterns of the past three decades. Figure 11 reveals that during the 1980s, when population growth was relatively flat, the county permitted about 100 units per year. In every year since 1991 as population growth accelerated, Kittitas County has approved at least 200 new residential units annually.

Single family units have most often accounted for the majority of the permits issued each year. However, in the 1990s there were large numbers of multi-family units approved. Since the late 1990s, the balance has shifted heavily toward single-family units.

The end of the national homebuilding boom in 2008 is reflected in Kittitas County's residential permit statistics. Growth of single-family units was steep during the first part of the 2000s. However, the number of new permits issued in 2008 dropped sharply from the previous year, marking a tightening of the credit markets and economic recession.

Figure 12 illustrates that for most of the last three decades, housing in Kittitas County has remained relatively affordable for average buyers. Moody's index of housing affordability assumes that a score of 100 represents equilibrium. In short, equilibrium occurs when a median income household has the minimum income needed to afford the payments on a median-priced home. The lower the score, the less affordable the housing.

Rampant inflation and high interest rates in the early 1980s cut into affordability, both locally and nationally. This was followed by more than 20 years when Kittitas County's housing affordability scored well above 100 on the Moody index. At the height of the national housing bubble between 2003 and 2006, the county's index score fell more rapidly than the US average, reflecting a surge in demand for housing in the county. Affordability has since improved as the national market has corrected.

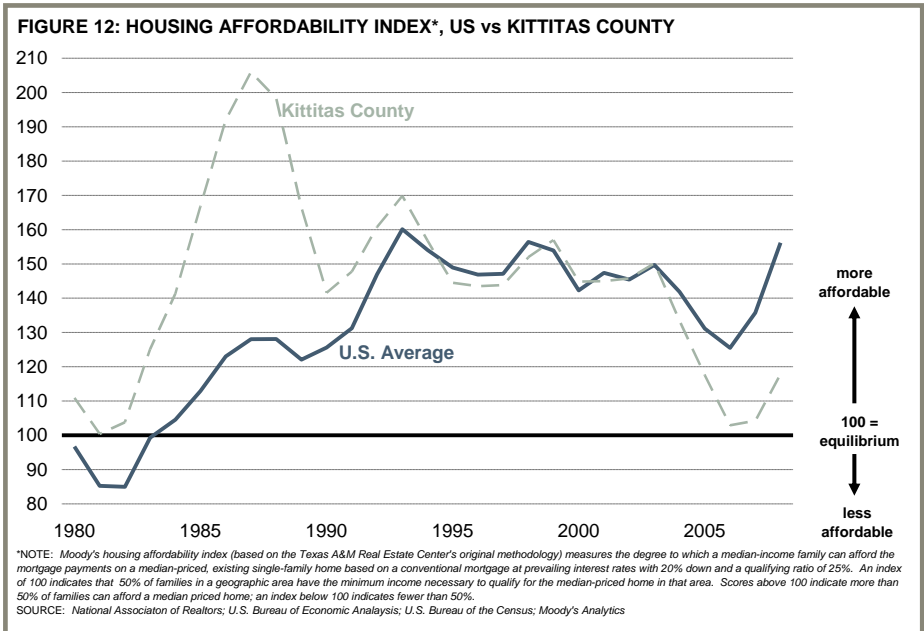
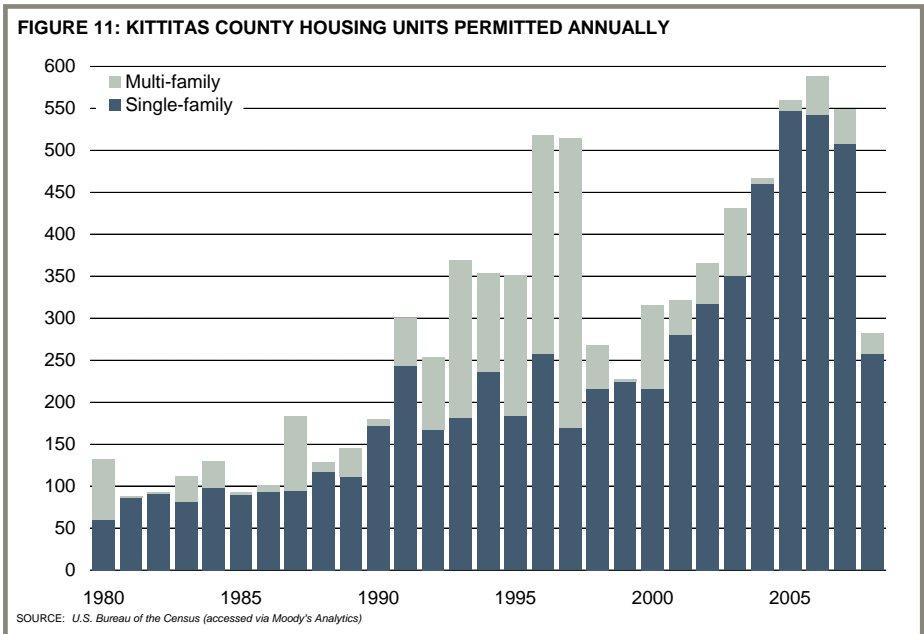
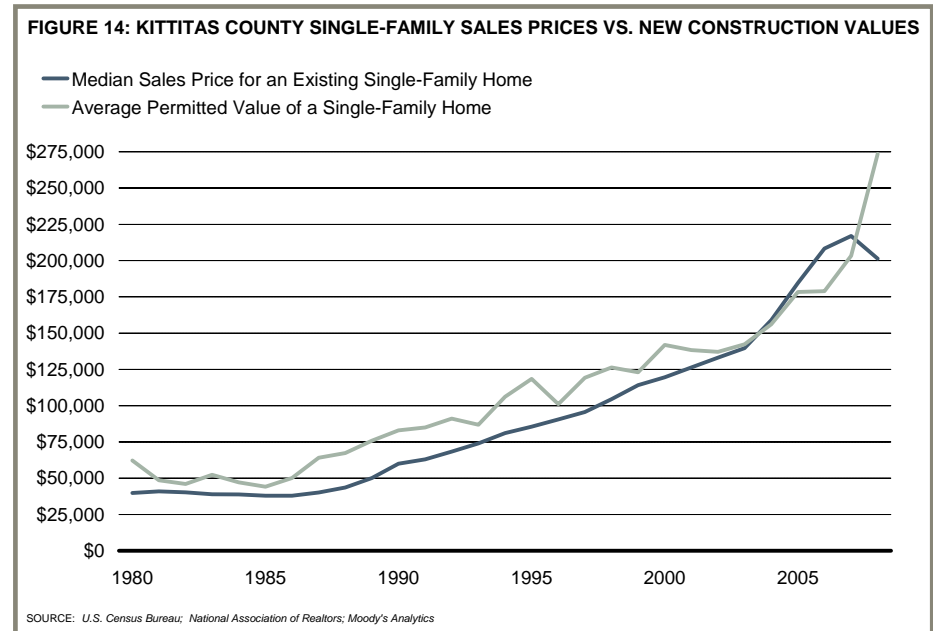
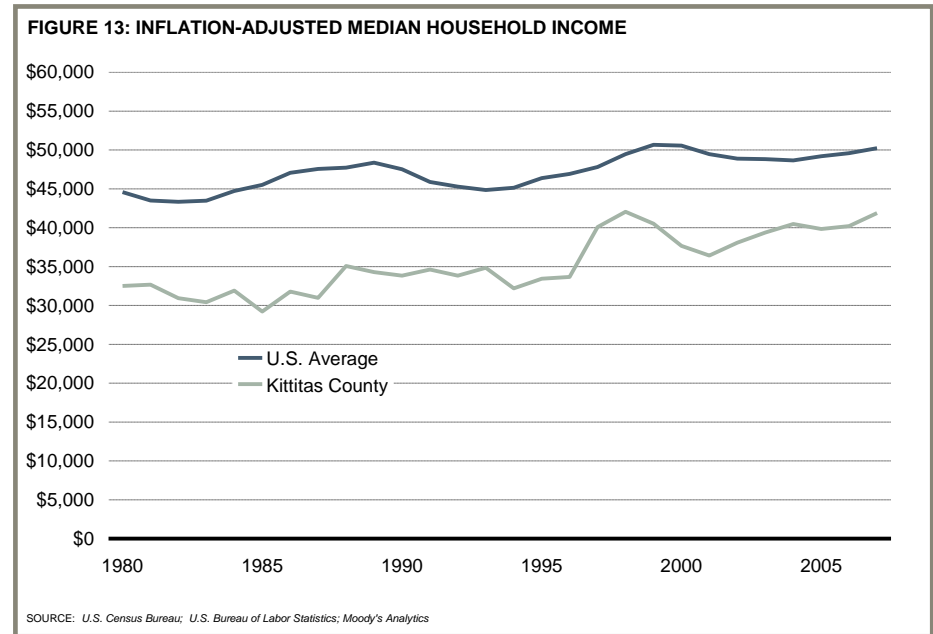


Figure 13 displays median household income for the US and Kittitas County since 1980. When adjusted for inflation, the median US household income has grown 12.7 percent over the past quarter century. In Kittitas County, the median household income has grown from \$32,515 in 1980 to \$41,886 in 2007, or 28.8 percent. As a result, the margin between the county's and national median income has narrowed.

Kittitas County's inflation-adjusted household income grew rapidly between 1994 and 1998, peaking at \$42,050 in 1998. This growth was not sustainable, however, as household income levels began a three-year decline. By 2001, median household income in the county had dropped to \$36,428. Thereafter, household income began rising again and had recovered almost all lost ground by 2007.

Finally, Figure 14 looks at housing affordability and income in the county by comparing the median sales price of an existing single-family home to actual local construction costs for a new single-family home. Comparing averages and medians can be precarious, especially in lightly populated areas or areas with skewed incomes. Nevertheless, such a comparison is still a useful rule-of-thumb for measuring affordability and identifying potential bubbles in residential values.

In many areas of the country where housing prices in recent years spun out of control, this type of sales price-to-construction cost comparison shows that median sale prices far exceeded average construction values, thus indicating a potential price bubble. In Kittitas County, the two indicators had historically shown little divergence until 2008, when average permit values substantially exceeded the median sales prices. This local trend line demonstrates that Kittitas County avoided a price bubble although it did see a significant rise in housing values.

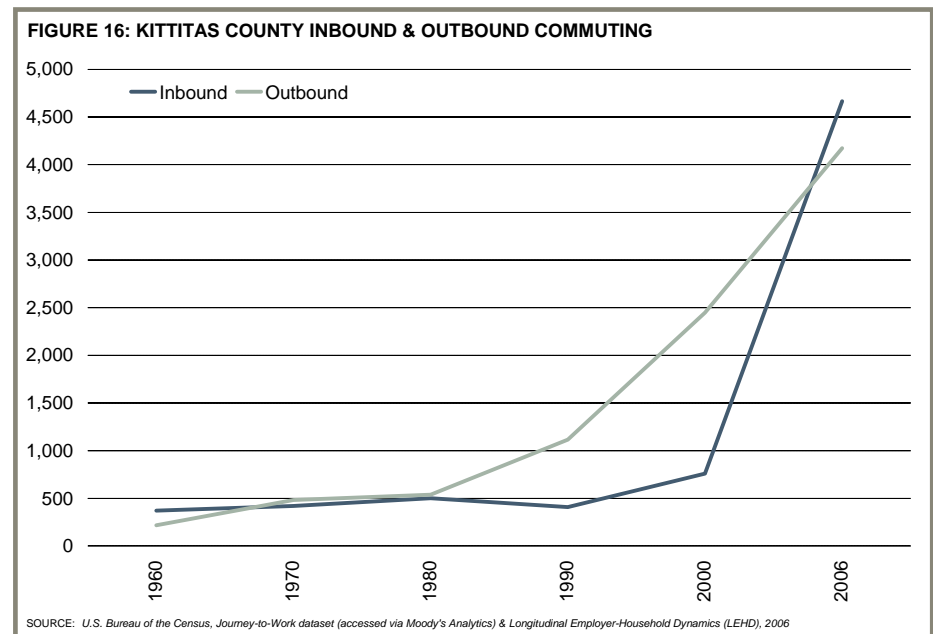
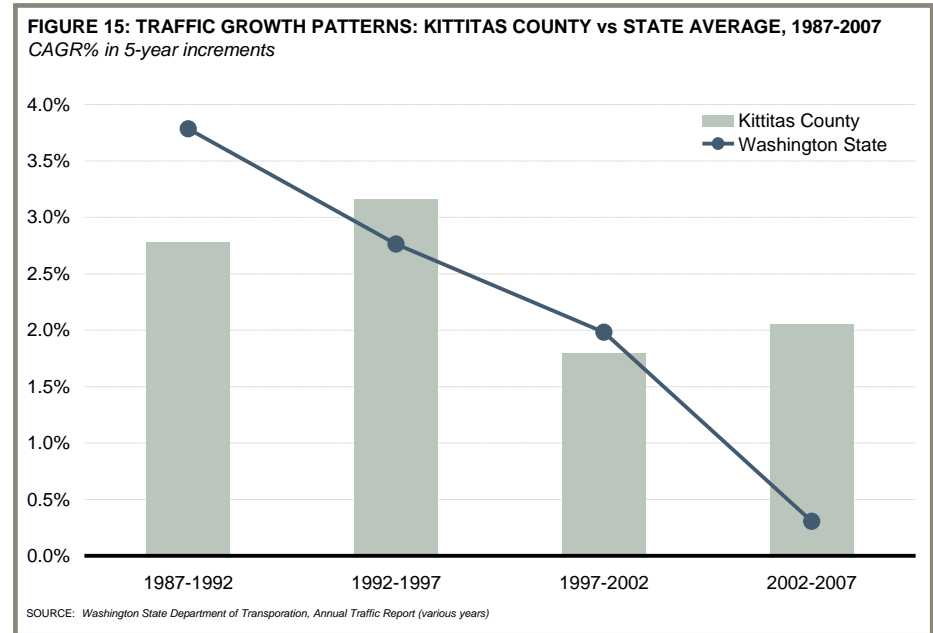


TRAFFIC & COMMUTING

Figure 15 compares the traffic growth patterns of Kittitas County with the statewide average in five-year increments since 1987. Over the past two decades, the growth rate of traffic volume in Washington State has been steadily falling from a high of 3.8 percent to a low of 0.3 percent. In contrast, traffic volume in the county continues to grow between 2 and 3 percent annually. This indicates that traffic congestion may be a growing concern in the county.

Figure 16 below includes inbound and outbound commuting trends for the county. The Journey-to-Work dataset, collected every 10 years with the decennial census, shows that outbound commuting from Kittitas County began to accelerate in the 1980s and has continued to rise steadily.

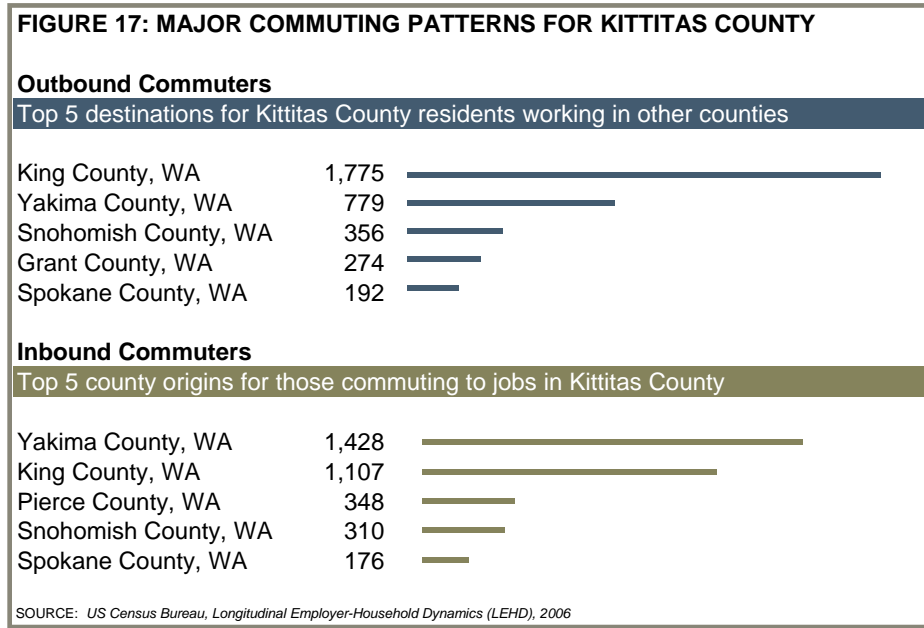
The Census Bureau's most recent Longitudinal Employer-Household Dynamics (LEHD) estimates for commuting in 2006 indicate a big surge in inbound commuting from the 2000 Census. In fact, 2006 is the first year since 1960 that Kittitas County is estimated to receive more commuters than it lost. This trend reversal may be tied to new construction activity in the county.



More than 4,000 Kittitas County residents work outside the county. Two out of five of the county's outbound commuters head for King County each day.

Conversely, more than 4,000 jobs located in Kittitas County are held by residents from outside the county. These inbound commuters arrive primarily from Yakima and King Counties.

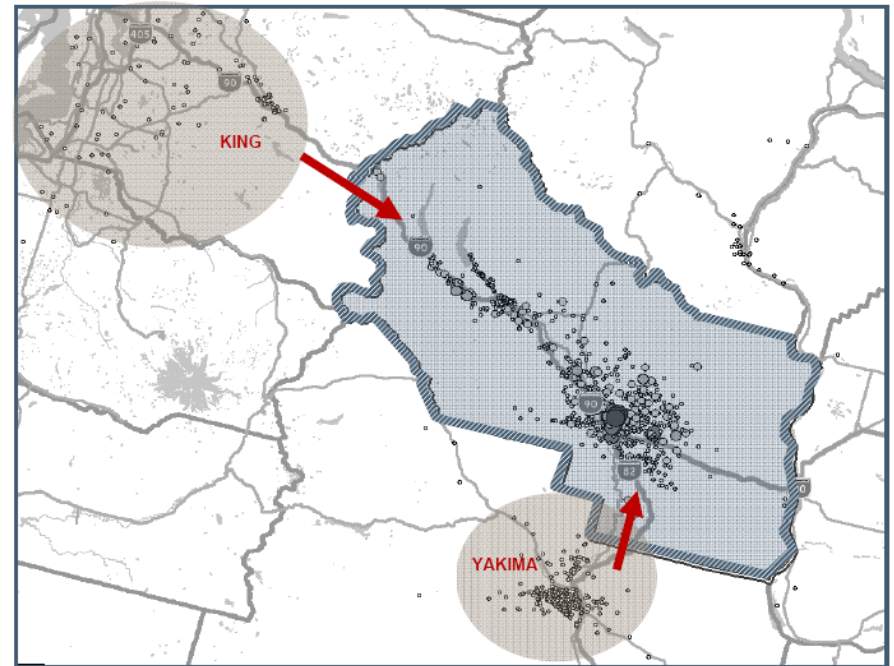
According to the 2006 LEHD estimates, Kittitas County experienced a net loss of 668 workers to King County and a net gain of 649 workers from Yakima County.



Kittitas County's commuting relationship with King and Yakima Counties has tightened in recent years, as the charts below show. While commuting patterns exist with other counties, the relationship remains strongest with King and Yakima.

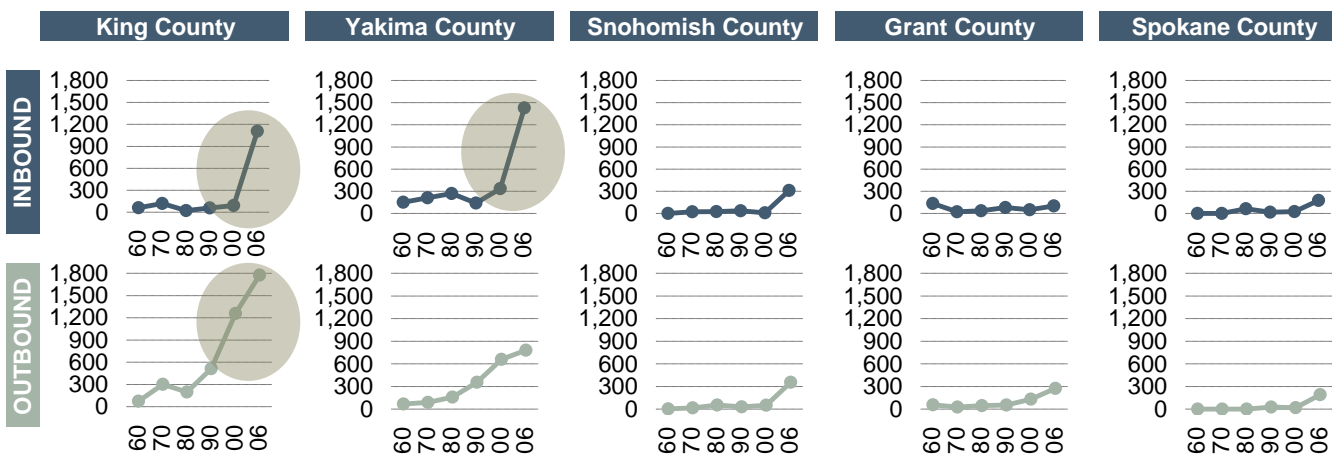
FIGURE 18: THE NEW INBOUND PATTERN

Where workers live who work in Kittitas County



SOURCE: US Census Bureau, Longitudinal Employer-Household Dynamics, 2006

FIGURE 19: KITTITAS COUNTY'S EVOLVING LOCAL COMMUTER PATTERNS, 1960-2006



SOURCE: U.S. Bureau of the Census, Journey-to-Work dataset (accessed via Moody's Analytics) & Longitudinal Employer-Household Dynamics, 2006



ECONOMY

Job growth in Kittitas County has not paralleled US patterns. For example, job losses here in the late 1990s occurred just as the nation was amid a major expansion period, but then during the national recession of the early 2000s, Kittitas was adding jobs. In the past few years, job growth in Kittitas has far exceeded the national growth rate.

Kittitas County's industry employment lacks substantial numbers of well-paying, private sector jobs. Of the county's 20,000 jobs, four sectors account for at least 10 percent. These include state and local government (which includes public education) as well as retail stores, restaurants, bars, and hotels.

One area of concern is the healthcare sector. It ranks only eighth out of some 20 sectors. This is unusually small compared to most US counties.

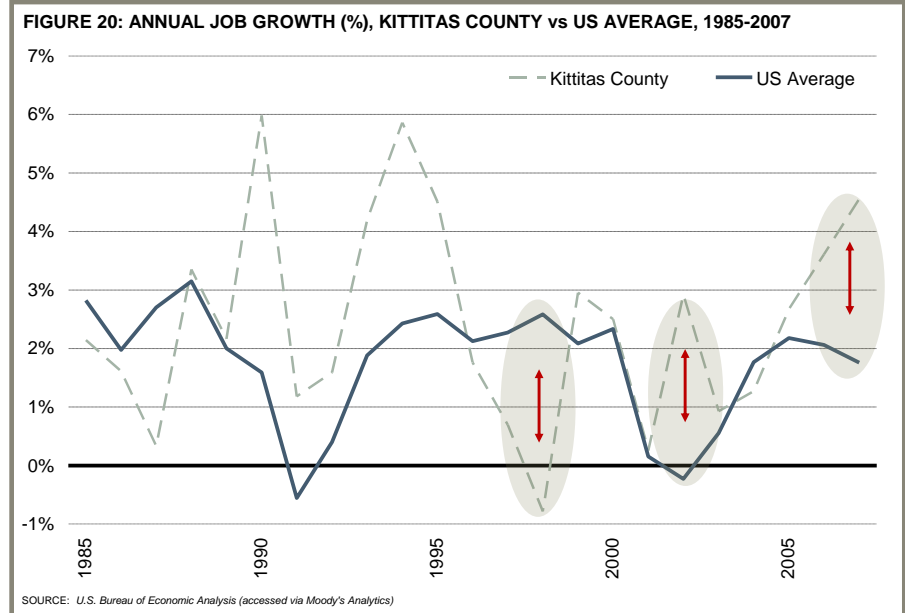


FIGURE 21: KITTITAS COUNTY INDUSTRIES

Industry	2007 Employment
State government	2,465
Retail trade	2,319
Accommodation & food services	2,039
Local government	2,022
Construction	1,934
Farms	1,258
Personal & other services	1,175
Health care & social assistance	1,149
Manufacturing	877
Real estate	805
Professional & technical services	681
Wholesale trade	609
Arts, entertainment, & recreation	566
Transportation & warehousing	435
Finance & insurance	384
Information	306
Educational services	262
Federal government (civilian)	160
Federal government (military)	127
Utilities	44
Other miscellaneous sectors*	957
Total	20,574

SOURCE: U.S. Bureau of Economic Analysis (accessed via Moody's Analytics)
 *NOTE 1: Includes 4 sectors with data suppression by the BEA: mining, forestry/fishing, corporate offices, & administrative services
 NOTE 2: Public education (primary, secondary, and higher) is included in local and state government employment. The educational services sector is limited largely to privately provided training and other related activities

Public education and timber may help give the state government and farm sectors high location quotients. This means that in comparison to the national average, Kittitas County has a much higher concentration of jobs in these two sectors.

The building and opening of the Suncadia Resort has also helped to boost the construction and accommodation sectors as the biggest job gainers since 2002. The real estate sector was the third largest gainer, which reflects the population and job growth of the past decade.

As already noted in the previous exhibit, the healthcare sector is smaller than most counties this size. Moreover, the BEA recorded job losses in this sector in the county between 2002 and 2007. This is highly unusual for a sector that is generally stable with steady expansion.

Understanding LQs

A location quotient (LQ) is calculated as a local occupation's share of total local employment divided by the same occupation's share of employment at the national level:

$$LQ = \frac{\text{Local jobs in occupation} / \text{Total local jobs}}{\text{US jobs in occupation} / \text{Total US jobs}}$$

If the local occupation and national occupation are perfectly proportional, the location quotient will be 1.00. If an occupation is heavily concentrated at the local level, then the location quotient will be higher than 1.00. Conversely, if the occupation is sparsely concentrated at the local level, the location quotient will be lower than 1.00.

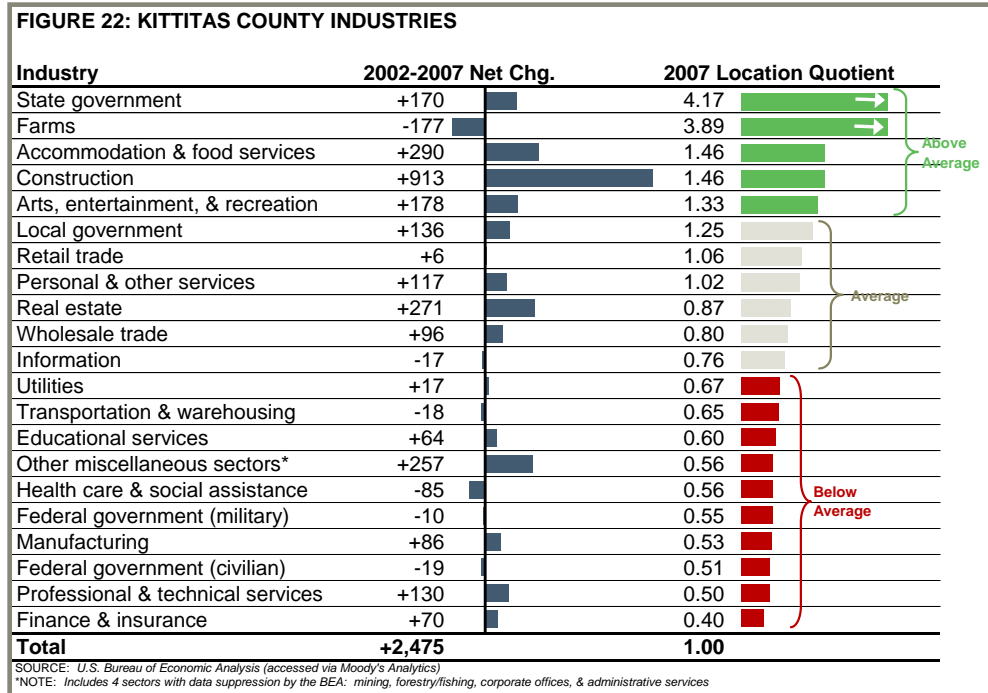


Figure 23 provides insight into the county’s retail sector. Estimates from Moody’s Analytics indicate that consumer retail spending in Kittitas County lags the national average in most categories. This indicates retail leakage from the county.

The only retail categories where Kittitas leads the national average (indicated as green dots) are gasoline stations (which is typical for a county with an interstate highway and large numbers of commuters) and restaurants and bars (also common along highways or in college towns).

The lagging categories (red dots) indicate areas where Kittitas residents may be making a share of their purchases outside the county.

FIGURE 23: RETAIL SALES PER CAPITA, 2007

NAICS Description	Kittitas County	US Average
441 Motor vehicle & parts dealers	\$1,490	\$2,660
452 General merchandise	\$1,404	\$1,962
445 Food & beverages	\$1,648	\$1,936
447 Gasoline stations	\$2,479	\$1,600
722 Food services & drinking places	\$1,640	\$1,508
444 Building & garden supplies	\$977	\$1,068
454 Nonstore retailers	\$688	\$1,038
446 Health & personal care	\$289	\$810
448 Clothing & accessories	\$87	\$732
453 Miscellaneous stores	\$243	\$390
443 Electronics & appliances	\$22	\$366
442 Furniture & home furnishings	\$241	\$360
451 Sporting goods, books, & music	\$88	\$291

NOTE: Bubbles show the relative size of retail sales per capita by
 SOURCE: U.S. Census Bureau, Monthly Advanced Retail Trade Survey; Moody’s Analytics

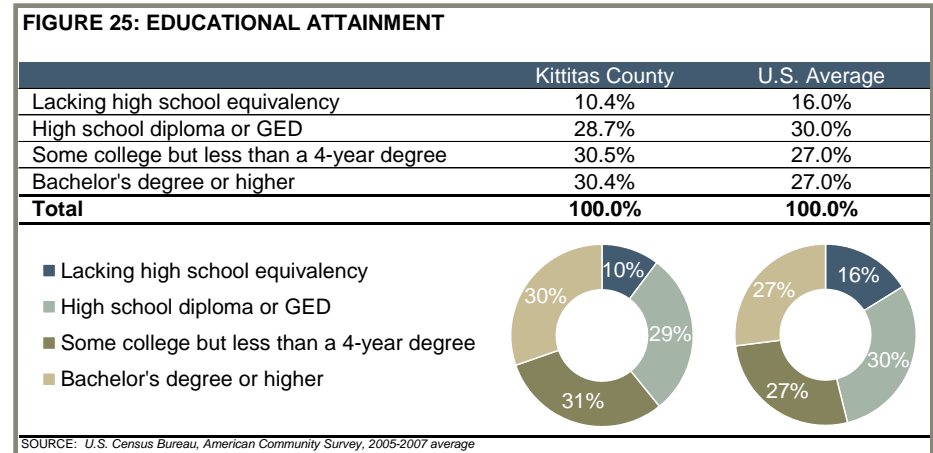
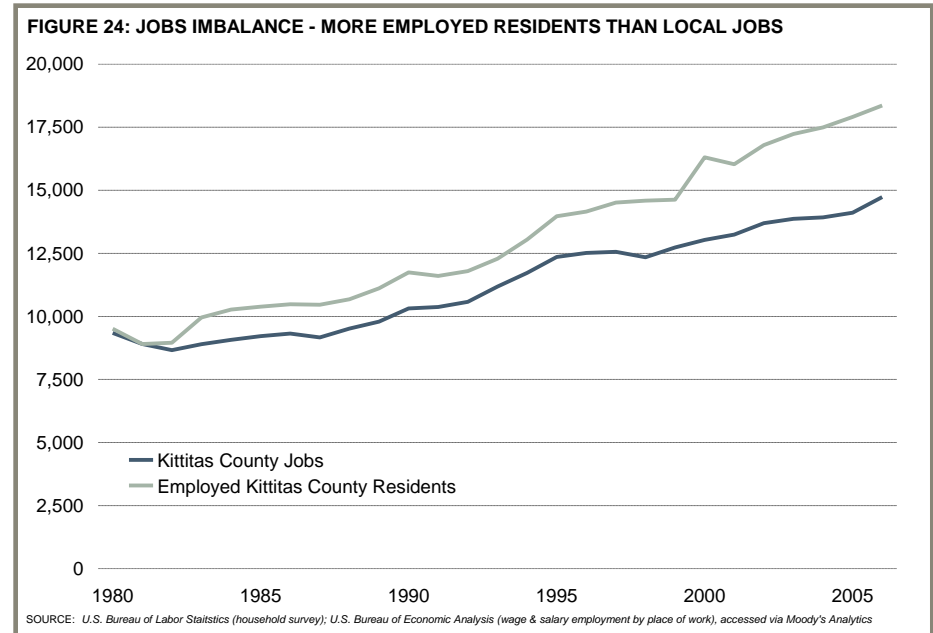
WORKFORCE

Comparing employment data from two separate collection processes can be problematic. However, in places where commuter flows are large, it is important to understand the distinct differences between what labor economists call "household employment" and "establishment employment". This means counting jobs either by where people live or by where they work.

By comparing the BEA's establishment-based wage and salary employment series to the BLS's household survey, we see a small, but emerging gap. The number of employed residents in Kittitas County has grown faster than the job base, and the gap appears to be widening gradually.

While the pattern shown here fits well with the historical long-term trend in commuting data, it is at odds with the recent surge we observed in the Census Bureau's 2006 estimate of inbound commuters from Yakima County.

Kittitas County has a highly educated workforce. Its educational attainment levels are solidly above average. The share of the population with at least a four-year degree is four points above the national average. Meanwhile, the share of the county's population lacking high school equivalency is six points below the national average.



The Washington State Employment Security Department releases occupational statistics by workforce development area, but not by individual county. The South Central Washington workforce development area covers four counties, including Kittitas, Klickitat, Skamania, and Yakima.

The occupational composition of the four-county region demonstrates the significance of natural resources to the economy of South Central Washington, with over 21,000 people working in Farming, Fishing, and Forestry occupations. Other large employment occupations in the region include Office and Administrative Support as well as Transportation and Material Moving.

The relative weakness of healthcare employment in Kittitas County extends to occupational composition of the four-county region, as healthcare occupations do not constitute a large share of the region's labor force. In addition, high-skill occupations in science, engineering, computers, and law also show up as small components of the overall regional workforce.

FIGURE 26: SOUTH CENTRAL WASHINGTON* OCCUPATIONAL GROUPS

Occupational Group	2006 Employment
Farming, fishing, & forestry	21,173
Office & administrative support	16,242
Transportation & material moving	12,198
Sales	11,251
Food preparation & serving	9,770
Education, training, & library	9,286
Production	8,208
Construction & extraction	6,935
Personal care & service	5,725
Property maintenance	5,590
Installation, maintenance, & repair	5,322
Healthcare (technical)	5,306
Management	3,163
Community & social services	2,868
Business & financial operations	2,750
Healthcare (support)	2,687
Arts, entertainment, & media	2,275
Protective service	2,080
Life, physical, & social science	1,437
Architecture & engineering	923
Computer & mathematical	890
Legal	671
Total	136,750

*NOTE: South Central Washington includes Kittitas, Klickitat, Skamania, and Yakima counties
 SOURCE: Washington State Employment Security Department

Figure 27 shows projected net job change for each occupational group as well as its location quotient.

The region’s fastest growing occupations are expected to be Office and Administrative Support, Education, and Transportation.

Healthcare occupations -- while still within the average LQ range -- nevertheless score well below the state benchmark of 1.0. However, the region is expected to add almost 2,000 combined jobs in the Healthcare technical and support sectors by 2014.

FIGURE 27: SOUTH CENTRAL WASHINGTON* OCCUPATIONAL GROUPS

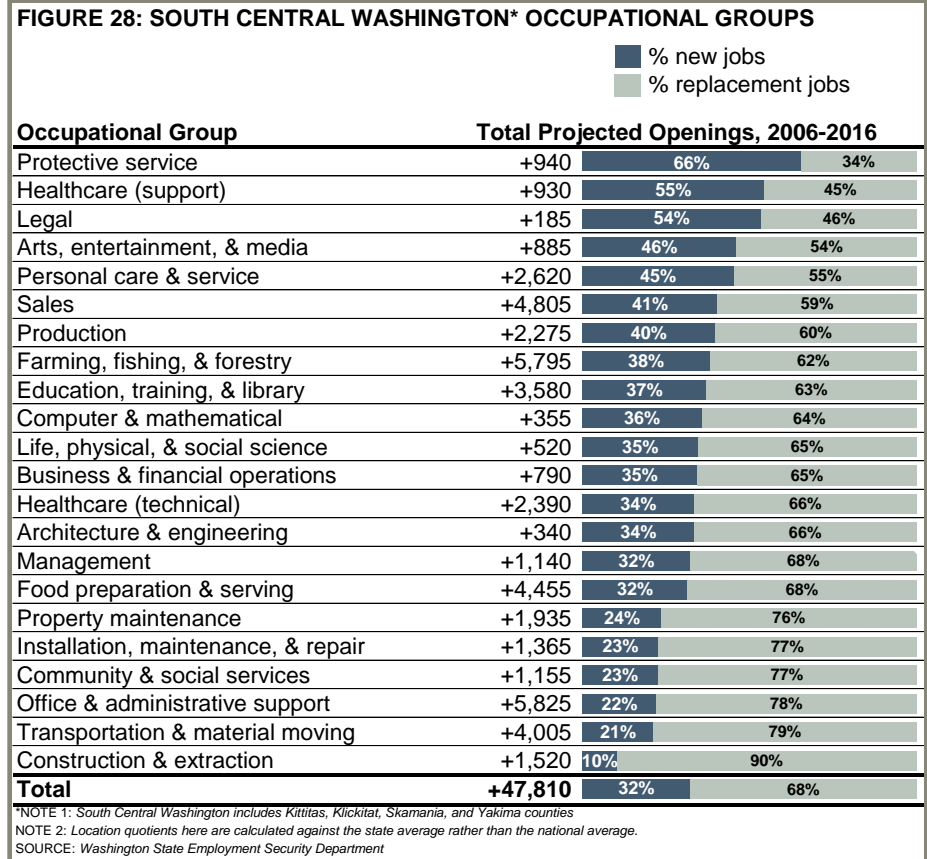
Occupational Group	Projected Net Job Chg., 2004-2014	2004 Location Quotient
Farming, fishing, & forestry	+607	5.63
Transportation & material moving	+1,341	1.31
Community & social services	+621	1.23
Education, training, & library	+1,659	1.19
Property maintenance	+880	1.15
Production	+487	1.08
Personal care & service	+1,065	1.02
Installation, maintenance, & repair	+543	0.99
Food preparation & serving	+1,059	0.94
Protective service	+297	0.91
Healthcare (technical)	+1,306	0.90
Healthcare (support)	+610	0.87
Arts, entertainment, & media	+298	0.82
Office & administrative support	+2,232	0.80
Sales	+1,070	0.78
Construction & extraction	+348	0.76
Life, physical, & social science	+118	0.72
Management	+394	0.66
Legal	+69	0.60
Business & financial operations	+284	0.45
Architecture & engineering	+118	0.27
Computer & mathematical	+119	0.20
Total	+15,525	1.00

*NOTE 1: South Central Washington includes Kittitas, Klickitat, Skamania, and Yakima counties
 NOTE 2: Location quotients here are calculated against the state average rather than the national average.
 SOURCE: Washington State Employment Security Department

The net increase in jobs over time is essentially a count of "new" jobs, but it doesn't reflect job openings at any given time. The difference between job openings and new jobs is the replacement or turnover factor.

It can be helpful for workforce planning purposes to view job creation in this context. Within each occupational group, it becomes clearer what share of the job openings are actually new jobs rather than replacement or turnover jobs.

The occupational groups with the largest number of replacement jobs in are Agriculture, Sales, and Food Preparation and Serving. In terms of percent growth, however, Protective Service, Healthcare, and Legal occupations are projected to experience rapid expansion.



DATA BENCHMARKS

In selecting benchmarks for Kittitas County, TIP chose 3 comparison counties with similar economic and geographic characteristics. The counties selected include one adjacent county (Yakima, WA) and two other counties in the region (Deschutes, OR and Blaine, ID) with similar economic strengths like recreation and agriculture. Deschutes and Blaine counties both have major resorts that play a dominant role in their economies. The Sunriver Resort (owned by Destination Hotels and Resorts) is in Deschutes County, and the Sun Valley Resort is in Blaine County.

Kittitas County's population does differ from the other benchmarks. Yakima is six times larger, and Deschutes is four times larger, but Blaine is only half as big as Kittitas. Most of the benchmark counties, with the exception of Yakima County, have experienced annual population growth rates over the past 10 years that were higher than the national average. Moody's Analytics projects all four counties will outpace the US growth rate over the coming decade.

FIGURE 29: BENCHMARK COUNTIES

County	State
Kittitas	Washington
Yakima	Washington
Deschutes	Oregon
Blaine	Idaho

SOURCE: TIP Strategies, Inc.

FIGURE 30: BENCHMARK POPULATION & GROWTH RATES

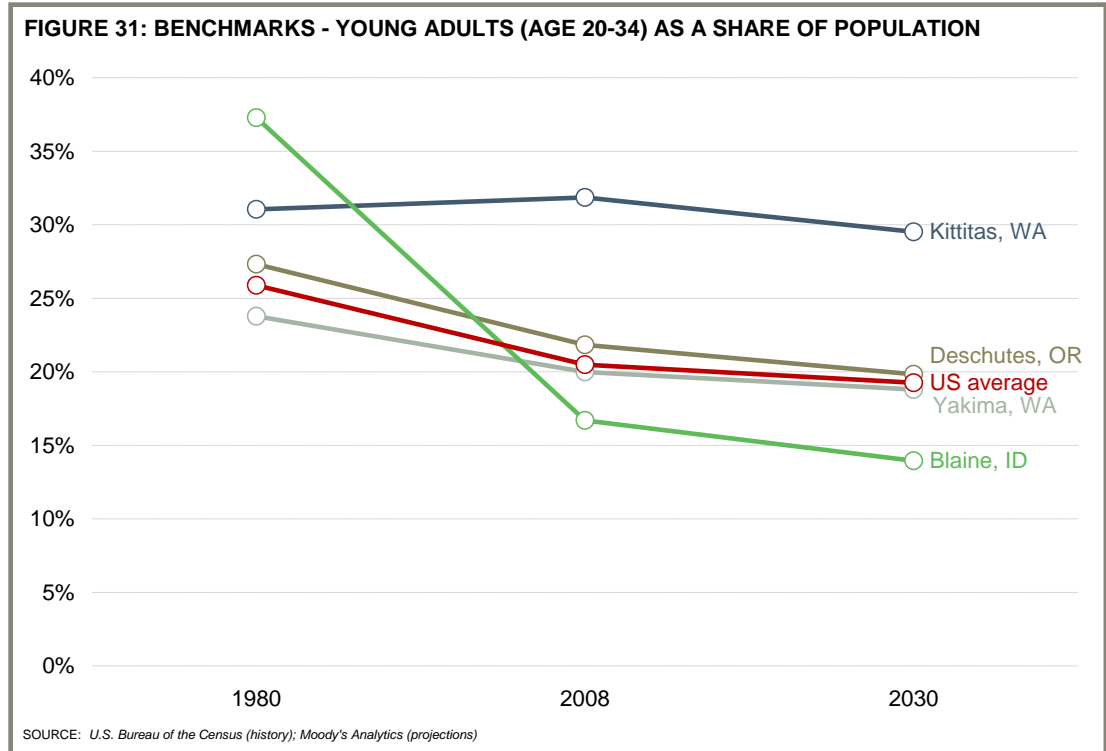
County	2008 Population	10-Year Historical	10-Year Projected
		1998-2008 CAGR*	2008-2018 CAGR*
Yakima, WA	234,564	0.7%	1.2%
Deschutes, OR	158,456	4.0%	1.3%
Kittitas, WA	38,951	1.8%	1.1%
Blaine, ID	21,731	1.8%	1.9%
US average	na	1.0%	1.0%

*CAGR = compound annual growth rate
 SOURCE: U.S. Bureau of the Census (history); Moody's Analytics (projections)

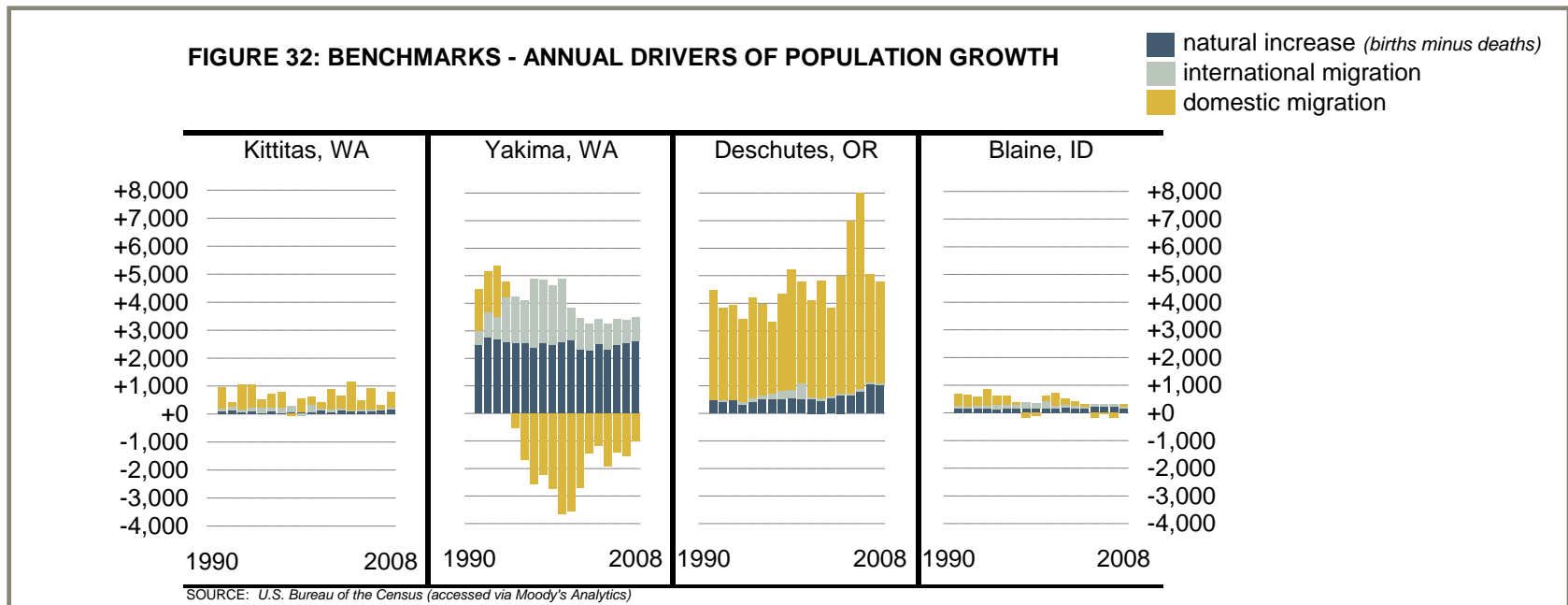
Figure 31 below displays the 20-34 age cohort as a share of the population for each county and the nation. As US demographics have changed over the years, young adults have declined as a share of the overall US population. Deschutes and Yakima counties have closely paralleled this national trend.

In Blaine County, the plunge since 1980 has been dramatic. As living costs rose, relatively low-paid tourism industry workers were forced to commute in from surrounding counties with lower housing costs. Meanwhile, retirees and wealthy second-home owners settled in the county, driving the cost of living up further.

Kittitas County has successfully bucked this national trend. The young adult share of total population actually increased slightly as the same ratio fell nationally. The stability of this age cohort in Kittitas County is due largely to the presence of Central Washington University, which draws in new streams of young adults. However, a growing influx of retirees to the upper Kittitas County surrounding Suncadia Resort could cause demographic pressures similar to those experienced in Blaine County.



The scale of population growth in Yakima and Deschutes distorts more important trends among the four counties. Kittitas and Deschutes, despite differences in overall size, have experienced population growth driven by consistently positive trends in domestic net in-migration. In Blaine, this variable has been far more volatile. Both Yakima and Blaine Counties have consistently experienced significant levels of international in-migration. In Yakima County, the surge of international in-migration has been accompanied by a domestic out-migration of equal degree.



Three of the four counties have at some point in the past 40 years had more outbound commuters than inbound. However, both Kittitas and Deschutes Counties have seen this trend reverse. Deschutes has been a net gainer of commuters since 1980 while Kittitas County reversed this trend in 2006. Yakima was the only county in 2006 (the most recent year with data available) to experience a net daily outflow of commuters. In contrast, Blaine County has consistently attracted commuters from surrounding counties. A significant portion of Blaine’s in-bound commuters work at Sun Valley resort but are unable to afford housing in the county.

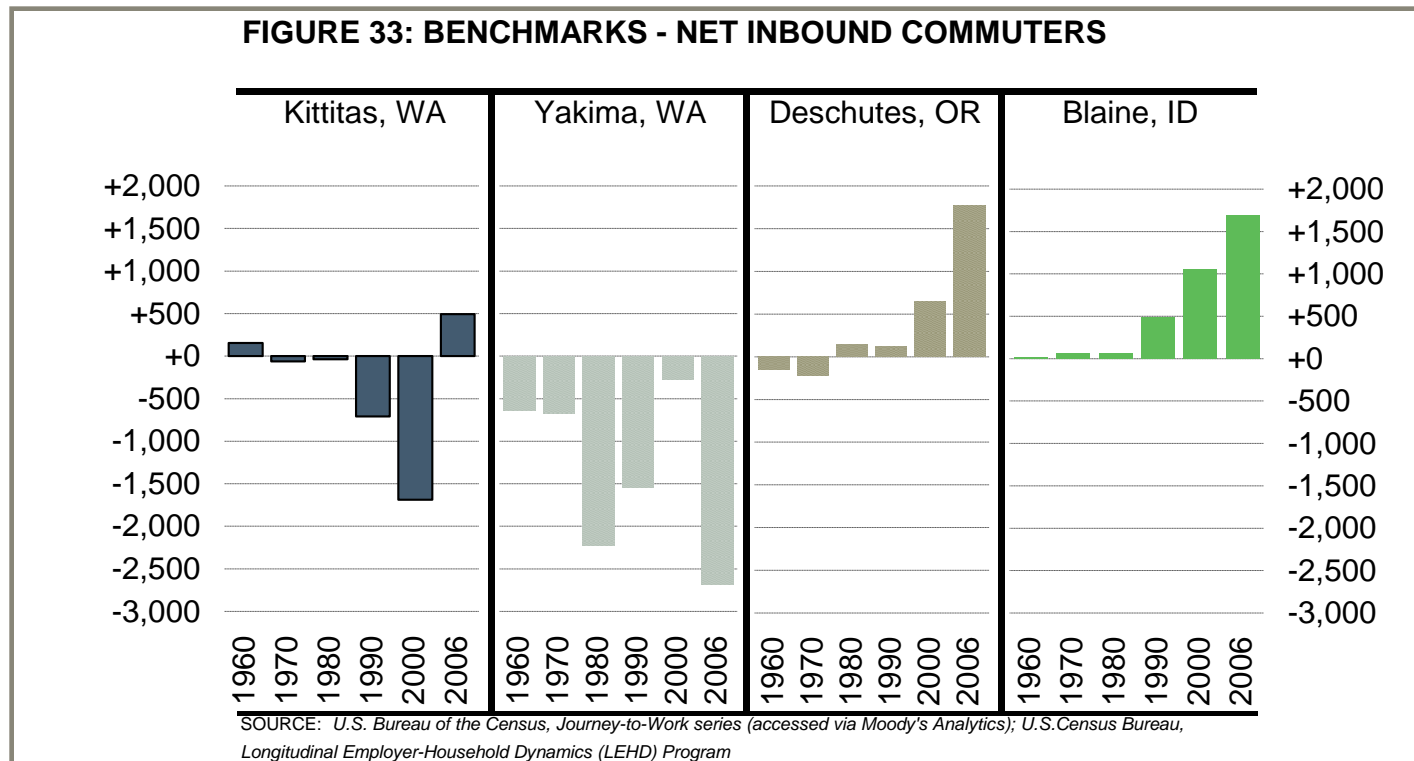
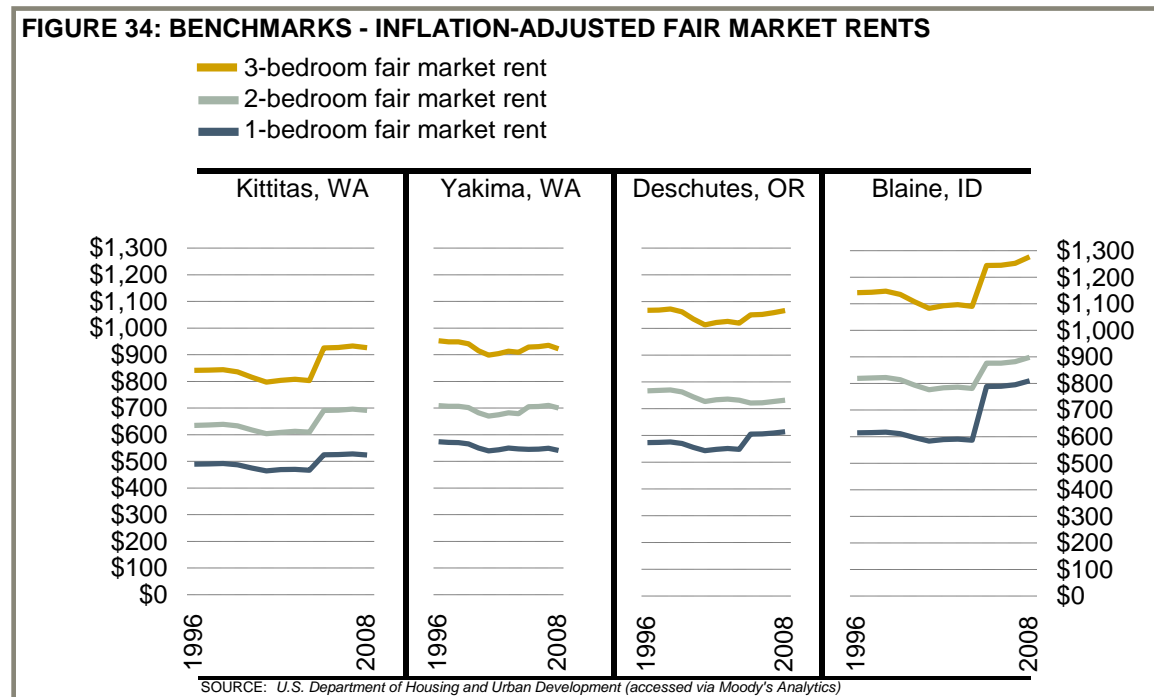


Figure 34 shows U.S. Department of Housing and Urban Development (HUD) estimates for the cost of rental housing. Of the four counties, Kittitas’ rents are lowest at \$926 a month for a 3-bedroom unit. Rents are highest in Blaine County, reaching almost \$1,300 a month for a 3-bedroom unit.

Inflation-adjusted residential rents have increased most in Blaine and Kittitas, with steep accelerations in rents since 2004. Rents in Yakima and Deschutes Counties have remained relatively stable since 1996.

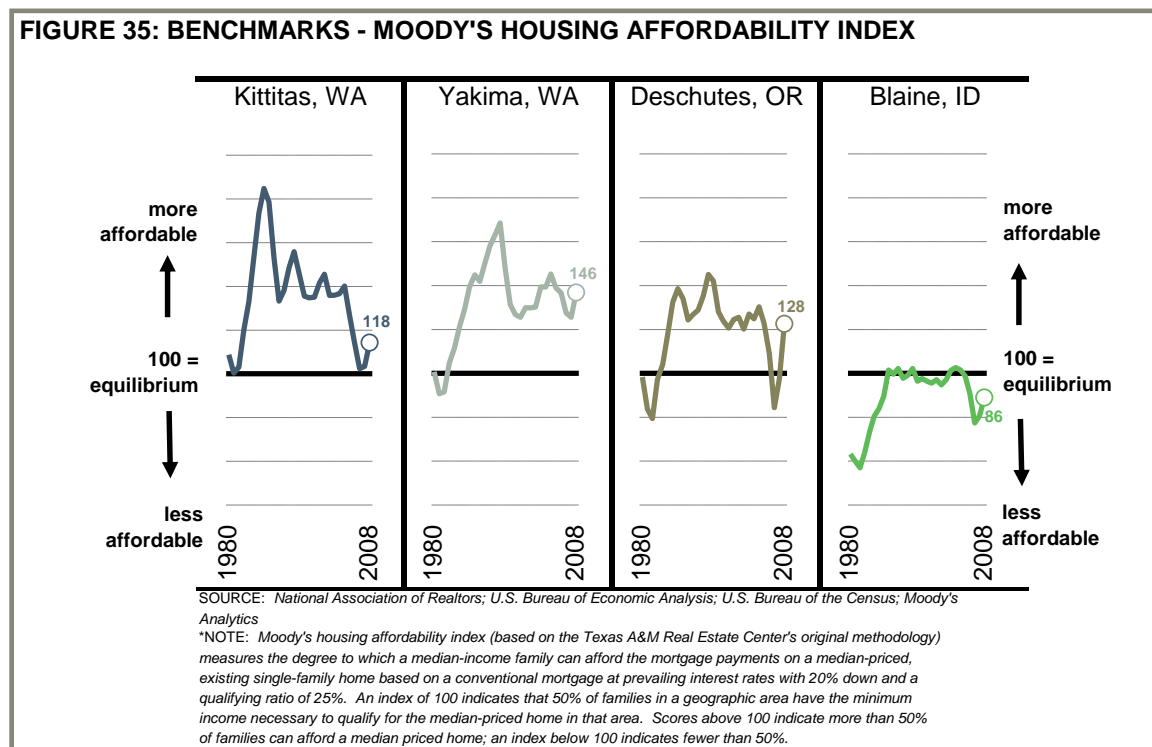
In the mid-1990s, fair market rents were less in Kittitas than in Yakima. By 2008, rents in the two counties were in much closer alignment, which may be influencing commuting patterns.



Housing affordability varies across the four counties. As seen in Figure 35, Blaine has historically experienced below-average affordability while Kittitas has historically had above-average affordability since 1980.

A 2008 index of 118 indicates that more than half of Kittitas households can afford a median-priced home, but housing is even more affordable in Yakima (146 in 2008) and Deschutes (128 in 2008). The relatively low score of 86 in Blaine means that fewer than 50 percent of households can afford a median-priced home.

Kittitas County has become less affordable since its peak score of 206 in 1997 and has seen a steep decline in housing affordability since 2003. The other counties have also seen decreases in housing affordability, but not as dramatic as in Kittitas County.



Comparing averages to medians is usually unwise, especially among sparse populations or in areas with skewed income distributions. With that caveat, however, such a comparison can still be a useful rule-of-thumb when looking at the median sale price of an existing single-family home against actual local single-family construction costs.

In many areas of the country where housing prices in recent years spun out of control, the sales price-to-construction cost comparison shows that median sale prices far exceed average construction values, thus indicating a potential price bubble. Figure 36 show this not to be the case in the four counties. Indeed, in Blaine County, where new construction for affluent in-migrants carries a wide premium, the trend is exactly opposite.

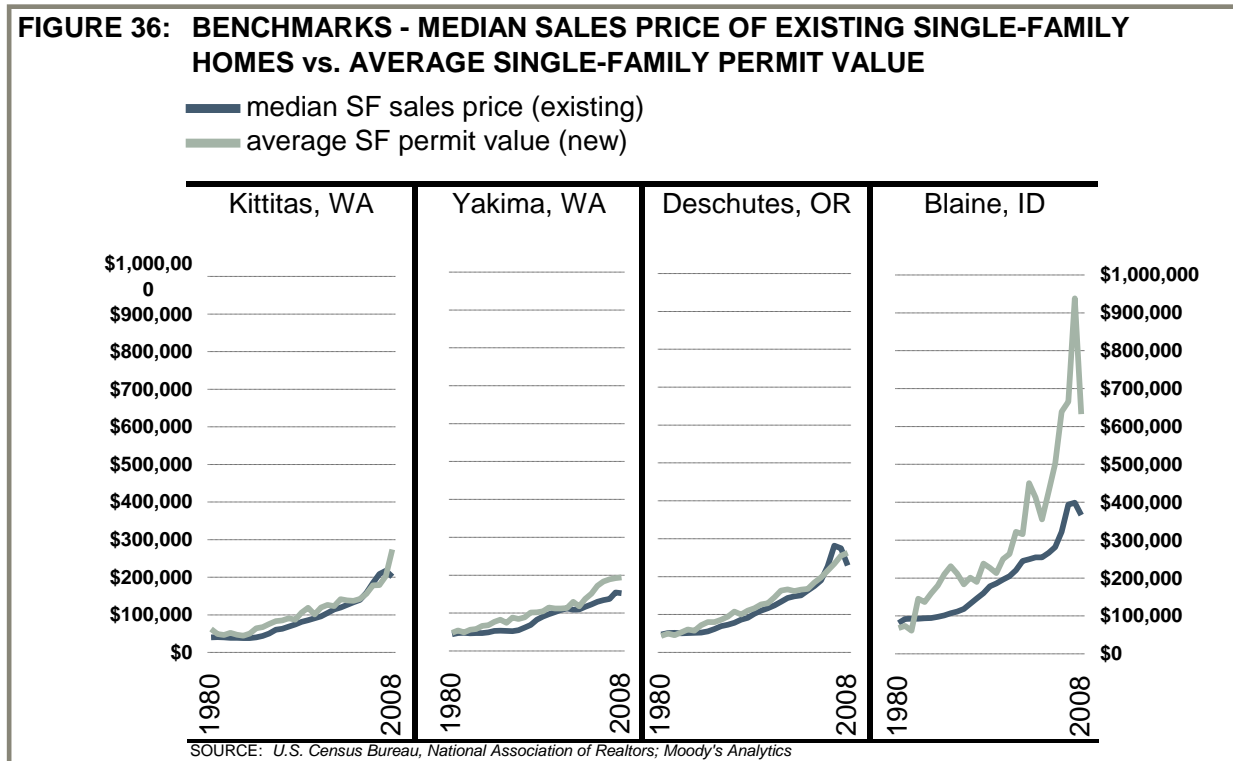


Figure 37 addresses the composition of the housing stock for each county and the US average. Excluding Yakima County, the benchmarks have a high level of vacant (including seasonal) housing units. In Kittitas and Deschutes, one in every five units is vacant. In Blaine, the ratio is two in five units. These rates are far above the national vacancy rate of 12 percent.

While tenure trends (i.e., occupancy and vacancy) deviate from the national average, the actual composition of housing units is quite similar. In all four counties, at least two-thirds of housing units are single family, which is in line with the national housing stock.

Ownership trends in Kittitas County and Blaine County also deviate from the national average. Nationwide 59 percent of housing units are owner-occupied. In Kittitas County, only 46 percent are owner-occupied; only 41 percent are owner-occupied in Blaine County.

FIGURE 37: BENCHMARKS - COMPOSITION OF THE HOUSING STOCK, 2008

		Single Family Units	Multi Family Units	Other Housing Units*	All Units
Kittitas, WA	Owner Occupied	39%	1%	6%	46%
	Renter-Occupied	14%	17%	2%	33%
	Vacant	14%	4%	3%	21%
	All Units	67%	21%	11%	100%
Yakima, WA	Owner Occupied	50%	1%	10%	61%
	Renter-Occupied	15%	14%	4%	33%
	Vacant	3%	2%	1%	6%
	All Units	68%	18%	14%	100%
Deschutes, OR	Owner Occupied	49%	0%	10%	59%
	Renter-Occupied	13%	9%	0%	22%
	Vacant	16%	2%	1%	19%
	All Units	77%	12%	11%	100%
Blaine, ID	Owner Occupied	36%	3%	2%	41%
	Renter-Occupied	11%	8%	2%	21%
	Vacant	22%	15%	2%	39%
	All Units	69%	26%	6%	100%
US average	Owner Occupied	52%	3%	5%	59%
	Renter-Occupied	9%	19%	1%	29%
	Vacant	7%	3%	1%	12%
	All Units	68%	25%	7%	100%

*includes mobile homes

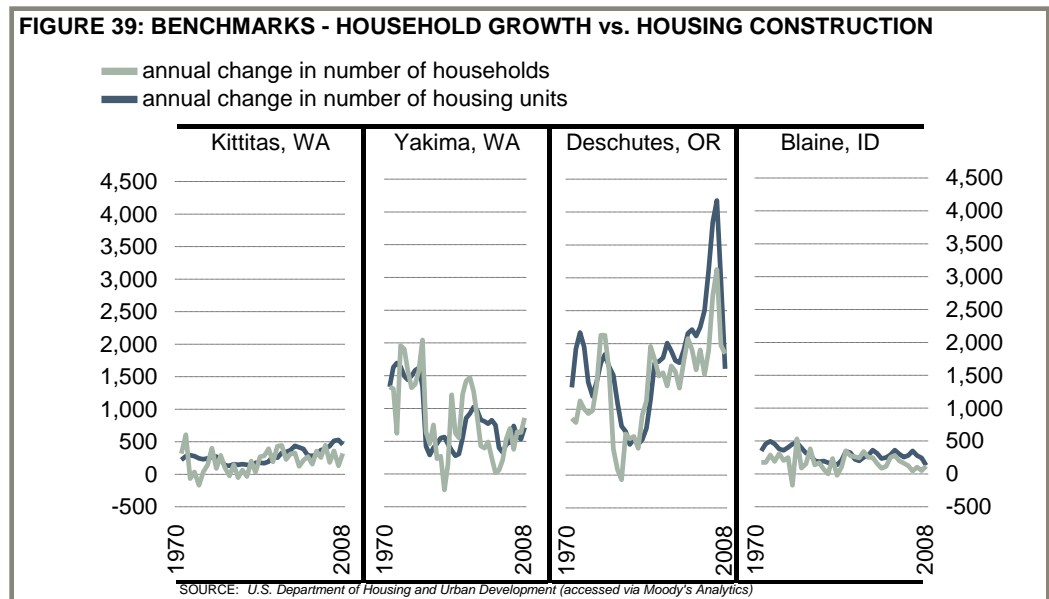
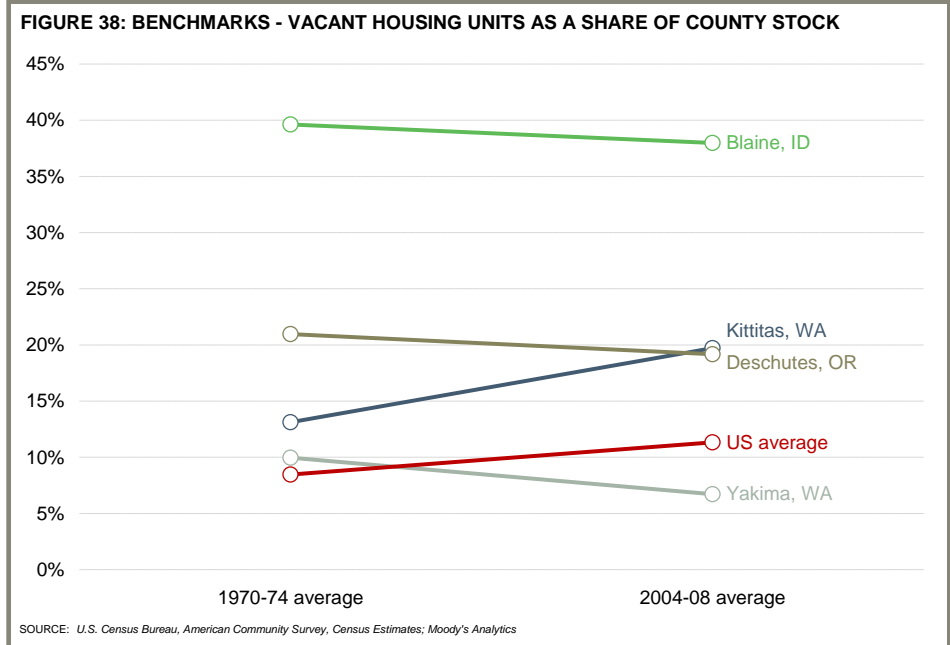
SOURCE: U.S. Census Bureau, American Community Survey, Census Estimates; Moody's Analytics

Since the early 1970s, the percentage of vacant housing units in Kittitas County has risen sharply, even as it declined slightly in the three benchmark counties.

In the early 1970s, the share of vacant housing units in Kittitas County was closer to the national average than it is today. While the US average and the Kittitas County average both rose, Kittitas' share increased at a faster pace. In contrast, the other three counties have seen their vacancy rates decline.

Housing construction generally moves in line with household growth rates. In other words, 100 new families would be expected to require 100 units of suitable housing. In counties with large volumes of seasonal housing, it is not uncommon for housing construction to outpace household growth rates in some years.

Figure 39 shows the change in housing units in Kittitas County has outpaced the change in number of households since 2004. This is most likely responsible for the higher vacancy rate between 2004 and 2008.



As Figure 40 reveals, single-family housing permits historically dominate planned residential construction in all four counties. In Kittitas County, very few multifamily units have been permitted since 1998, while the number single family units permitted has accelerated.

The recent US financial crisis has curtailed the number of residential permits being pulled in all four counties. Deschutes experienced the most dramatic drop, with a decline of almost 58 percent. The number of residential permits dropped the least in Blaine County, with a decline of 28 percent. The number of residential permits declined in Kittitas and Yakima Counties by 49 percent and 38 percent, respectively.

Figure 41 tracks median household income relative to the nation. Since 1980, inflation-adjusted median household income for all four counties has risen relative to the US median.

In 1980, all four had median household incomes below the US median. However, Blaine pulled ahead of the nation in the 1980s. Deschutes followed in the 1990s. While incomes in Kittitas and Yakima both remained below the US median in 2007, they continued to move toward convergence, especially Kittitas. Kittitas County's lower income levels are likely influenced by the significant college student population residing in the county.

FIGURE 40: BENCHMARKS - TRENDS IN HOUSING PERMITS

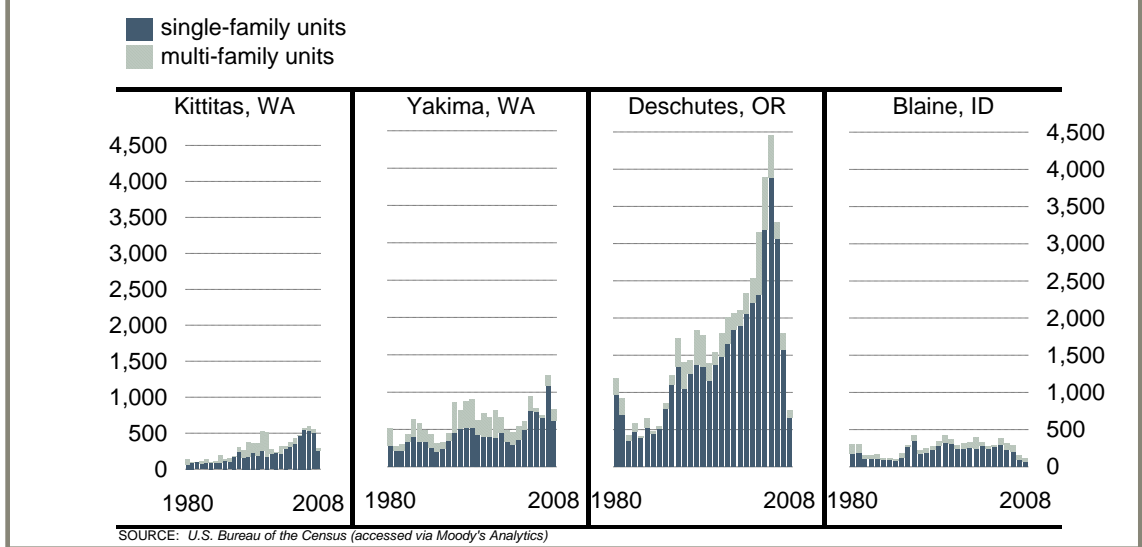
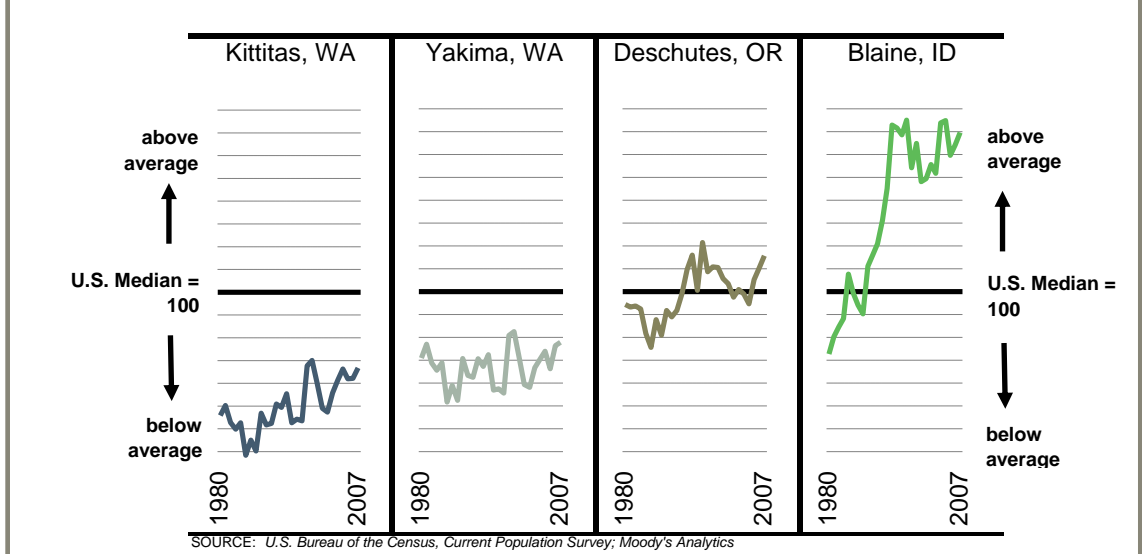


FIGURE 41: BENCHMARKS - MEDIAN HOUSEHOLD INCOME RELATIVE TO THE U.S.



About 16 percent of US farm operations have actual commodity sales exceeding \$100,000 per year. Kittitas and Deschutes fall below this level with just 11 percent and 2 percent of farms hitting this level of sales. The scale of operations in Yakima and Blaine is broader, with nearly one-quarter of all farms reaching this threshold.

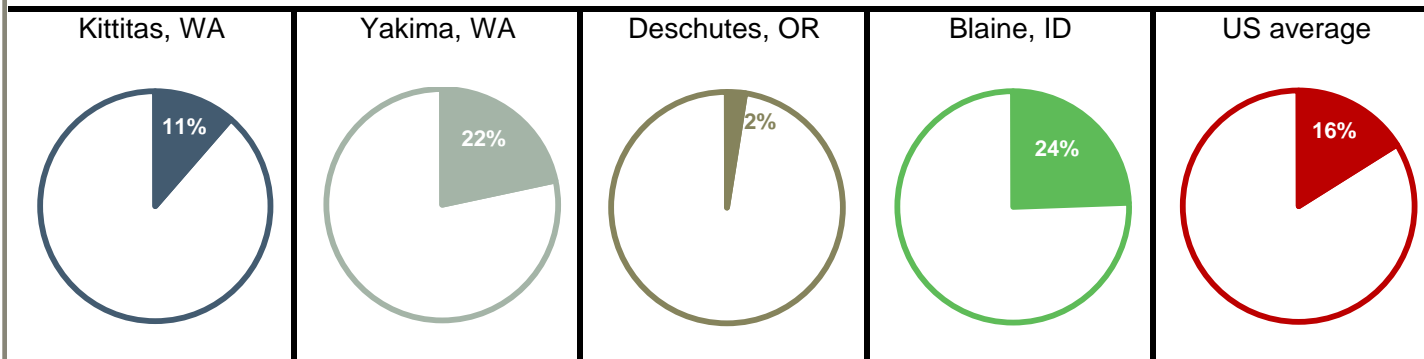
Valuing farm operations can vary. Based on average annual commodity sales per farm, Kittitas and Deschutes fall well below the US average, but based on real property assets -- land and building values per farm acre -- both Kittitas and Deschutes exceed the national average.

FIGURE 45: BENCHMARKS - TWO VIEWS OF FARM VALUATIONS

County	Avg. Annual Commodity Sales Per Farm	Avg. Value of Land & Bldgs. Per Farm Acre
Yakima, WA	\$340,058	\$1,530
Blaine, ID	\$136,979	\$1,611
Kittitas, WA	\$58,717	\$3,908
Deschutes, OR	\$14,063	\$6,885
US average	\$134,807	\$1,892

SOURCE: U.S. Department of Agriculture, National Agricultural Statistical Service, 2007 Census of Agriculture

FIGURE 44: BENCHMARKS - SHARE OF FARMS WITH ANNUAL COMMODITY SALES EXCEEDING \$100,000



SOURCE: U.S. Department of Agriculture, National Agricultural Statistical Service, 2007 Census of Agriculture

■ share of farms with \$100,000+
 □ share of farms under \$100,000

Farming is increasingly a part-time occupation. In the 2002 Census of Agriculture, more than half of farmers in the US (as well as in Kittitas, Blaine, and Yakima Counties) claimed farming as their primary occupation. Just five years later, only Yakima could claim that more than half of its farmers were full-time.

Figure 47 below illustrates the economic activity associated with tourism for each county and the nation. There are various ways to measure the role of tourism and recreation in the economy. As a rule-of-thumb, a high level of restaurant/bar sales as share of the overall retail base or a high level of accommodation (hotel) jobs in the overall employment base are reasonable barometers. Blaine and Kittitas Counties show rates above the US average for both of these indicators. In Kittitas County, the presence of CWU also contributes to these above average rates.

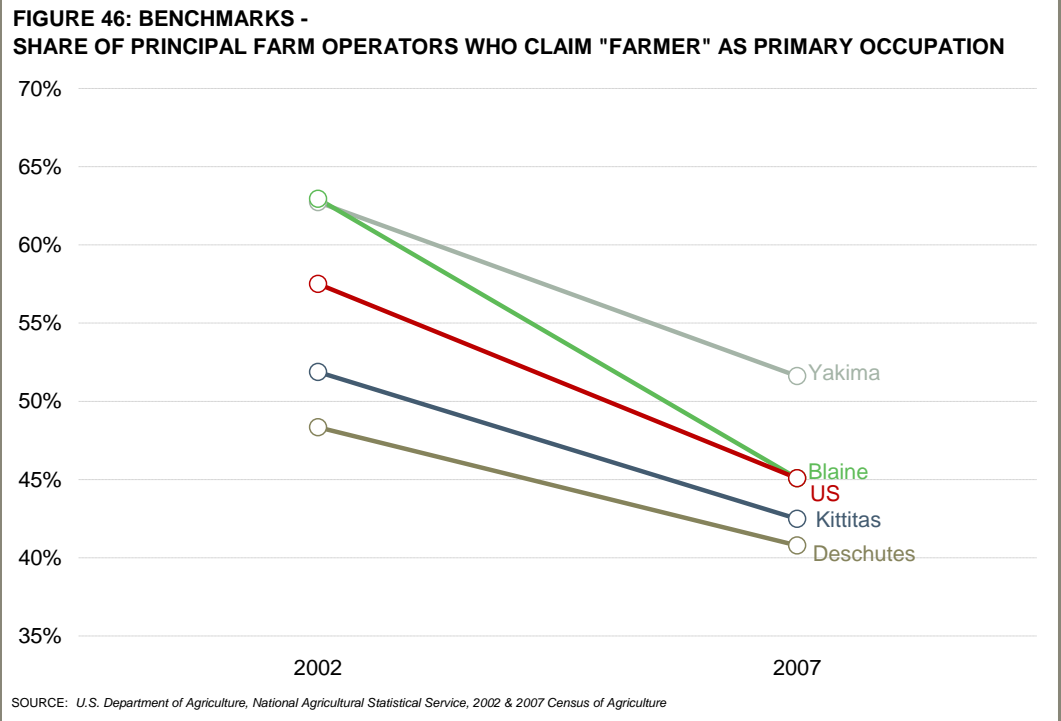


FIGURE 47: BENCHMARKS - ECONOMIC ACTIVITY ASSOCIATED WITH TOURISM

County	Restaurants & Bars as a % of Retail Sales	Accommodation Services as a % of Employment Base
Blaine, ID	14.0%	12.6%
Kittitas, WA	14.5%	9.9%
Yakima, WA	9.1%	8.5%
Deschutes, OR	8.6%	5.1%
US average	10.2%	6.8%

SOURCE: U.S. Census Bureau and Moody's Analytics (2007 retail sales); U.S. Bureau of Economic Analysis via Moody's Analytics (2006 employment)

A comparison of commuting patterns in Figure 48 shows more than 70,000 people who live in Yakima County also work there too. In Deschutes County, there are more than 50,000 employed residents who never leave the county for work. Because Yakima and Deschutes are such large counties in terms of population and employment, the scale of the net commuting numbers can mask other trends in smaller counties like Kittitas and Blaine.

In Yakima and Deschutes, the ratio of inbound and outbound commuters to the total job base is about 20 percent each. In Kittitas and Blaine, even though the population and job bases are smaller, the commuting ratios are much larger. In Kittitas County the ratios for both inbound and outbound exceed 30 percent of the local job base and in Blaine they exceed 40 percent. (It is worth noting that in Blaine, a substantial portion of the outbound share includes telecommuters.)

FIGURE 48: BENCHMARKS - COMMUTING PATTERNS

	Total Living & Working in County	Total Inbound Commuters	Total Outbound Commuters	Net Inbound Commuters	Total Inbound Commuters as a % of Job Base	Total Outbound Commuters as a % of Employed Residents
Kittitas, WA	8,752	4,665	4,173	+492	35%	32%
Yakima, WA	72,363	15,817	18,496	-2,679	18%	20%
Deschutes, OR	50,551	12,458	10,687	+1,771	20%	17%
Blaine, ID	6,476	5,988	4,295	+1,693	48%	40%

SOURCE: U.S. Census Bureau, LEHD Origin-Destination Database

Location quotient (LQ) analysis shows how the economic structure of Kittitas is more similar to Deschutes and Blaine than to Yakima. The notable difference is Kittitas County’s large LQ for state government employment (which includes public universities). The strength of the healthcare sector in Yakima County (1.20) may explain the relative weakness of the sector in Kittitas County (.56).

FIGURE 49: BENCHMARKS - LOCATION QUOTIENTS BY SECTOR

■ above average (>1.25)
■ below average (<0.75)

County	Kittitas, WA	Yakima, WA	Deschutes, OR	Blaine, ID
State government	4.17	0.85	0.31	0.06
Farms	3.89	7.21	1.06	0.86
Accommodation & food services	1.46	0.75	1.26	1.87
Construction	1.46	0.69	1.93	2.37
Arts, entertainment, & recreation	1.33	0.71	1.65	1.68
Local government	1.25	1.31	0.75	0.69
Retail trade	1.06	0.95	1.16	0.96
Personal & other services	1.02	0.81	1.00	1.23
Real estate	0.87	0.65	1.36	2.84
Wholesale trade	0.80	1.09	0.58	0.41
Information	0.76	0.43	1.06	1.01
Utilities	0.67	0.54	1.06	0.26
Transportation & warehousing	0.65	0.94	0.49	0.33
Educational services*	0.60	0.63	0.70	0.67
Health care & social assistance	0.56	1.20	1.00	0.40
Federal government (military)	0.55	0.56	0.39	0.33
Manufacturing	0.53	0.94	0.81	0.33
Federal government (civilian)	0.51	0.68	0.53	0.33
Professional & technical services	0.50	0.41	0.92	1.11
Finance & insurance	0.40	0.48	0.79	0.72
Administrative services	0.34	0.43	1.04	1.05

SOURCE: U.S. Bureau of Economic Analysis (accessed via Moodys Analytics)
*NOTE: Educational services include training and private educational facilities. Primary, secondary, and higher education are typically included with state or local government employment.



Unlike Deschutes and Blaine, Kittitas County has not experienced explosive double-digit growth across broad economic sectors over the past five years. Like the US overall, job growth in Kittitas and Yakima has been mixed across sectors. Kittitas has shown the strongest employment growth in sectors closely related to population growth, including construction, real estate, and to some extent utilities.

FIGURE 50: BENCHMARKS -- FIVE-YEAR JOB GROWTH RATES BY SECTOR, 2002-2007

■ sectors with double-digit growth rates
■ declining sectors

County	US average	Kittitas, WA	Yakima, WA	Deschutes, OR	Blaine, ID
Real estate	43.4%	50.7%	44.0%	22.7%	82.0%
Construction	20.4%	89.4%	30.5%	59.4%	18.0%
Educational services	19.8%	32.3%	20.4%	55.6%	34.6%
Administrative services	16.1%	7.7%	5.9%	61.0%	18.3%
Professional & technical services	13.4%	23.6%	-0.2%	35.6%	11.1%
Health care & social assistance	13.2%	-6.9%	15.5%	33.7%	11.2%
Accommodation & food services	12.1%	16.6%	8.2%	27.8%	11.8%
Arts, entertainment, & recreation	11.8%	45.9%	11.8%	37.8%	14.1%
Transportation & warehousing	10.2%	-4.0%	19.2%	15.0%	11.9%
Total	8.6%	13.7%	5.9%	28.0%	21.8%
Wholesale trade	8.4%	18.7%	15.3%	44.2%	19.4%
Personal & other services	7.7%	11.1%	-1.6%	26.4%	16.8%
Finance & insurance	6.5%	22.3%	5.2%	35.1%	16.3%
Local government	4.5%	9.1%	7.9%	10.2%	21.2%
Retail trade	4.4%	0.3%	6.7%	14.3%	19.7%
State government	2.7%	9.3%	4.6%	19.9%	0.0%
Federal government (civilian)	1.7%	-10.6%	-3.0%	-0.6%	8.5%
Federal government (military)	-2.7%	-7.3%	-11.9%	7.6%	3.7%
Utilities	-4.5%	63.0%	4.4%	10.7%	18.8%
Information	-5.0%	-5.3%	-25.2%	22.7%	64.7%
Farms	-7.7%	-12.3%	-9.9%	-3.9%	-8.8%
Manufacturing	-8.3%	10.9%	-11.1%	5.1%	21.6%

SOURCE: U.S. Bureau of Economic Analysis (accessed via Moody's Analytics)

