

Chapter 9. Economic Development



9.1 Community Key Goals – Economic Development

- Promote a strong, diversified, and sustainable local economy, incorporating new technologies and facilities.
- Attract appropriate businesses and foster local entrepreneurship that serves residents and non-residents needs.
- Support the provision of education and training opportunities to maintain a skilled workforce.
- Help facilitate the retention and attraction of community-based, living wage jobs for people living in Poulsbo.
- Encourage business activity that takes advantage of technology and promotes alternatives to commuting.

9.2 Plan Context

A strong economy is essential for achieving Poulsbo’s vision of the future. This vision has always been to strengthen the community through the expansion of its tax and employment base. This expansion allows the community to support a higher quality of life by improving public services. Ideally, economic development should balance economic vitality, stability, environmental protection, and preservation of Poulsbo’s small town character.

Poulsbo’s economy is largely influenced by the presence of significant Naval bases, its geographic location for a commuting workforce to Seattle and other large cities, as well as an entrance point for access to the Olympic Peninsula. Poulsbo serves as North Kitsap’s commercial and employment center and has retained a healthy and stable economy.

As companies become more mobile due to the shift from a resource based economy and advances in telecommunications, quality of life issues will become increasingly important criteria in site selection.

The City recognizes that a healthy economy that provides opportunities for diverse segments of the community is important to its residents' quality of life. While the City can lead and participate in economic development and revitalization, it takes effective partnerships with the business community to be successful and retain the livable and economically viable community that Poulsbo has.

The Economic Development Chapter, therefore, provides policies that will identify how to retain successful businesses and to pursue future opportunities. This element includes policies related to:

- Economic Climate
- Planning and Infrastructure
- Technology
- Partnerships
- Quality of Life

Poulsbo faces a number of challenges in continuing to achieve the community's desired land use vision, while accommodating the growth that is expected over the next twenty years. These include:

- Local governments' strong reliance on retail sales tax as a primary source of revenue.
- The median income of city residents keeping up with the costs of housing.
- Retail trade is projected to continue to be the major trade employer for workers in Poulsbo.
- Successfully attracting new businesses that provide family-wage jobs, and retaining and expanding existing businesses.



Businesses at College MarketPlace

9.3 Employment Forecasts

Unlike population, there is no specific employment goal for Kitsap County or its jurisdictions identified in the Kitsap Countywide Planning Policy. However, based on observed employment

trends and employment forecasts from Puget Sound Regional Council (PSRC), a countywide jobs forecast was developed by Kitsap County as part of its 2006 Comprehensive Plan update.

The 2025 countywide employment forecast indicates a net projected growth of about 49,000 new jobs countywide during the planning horizon.

Further, the 2006 Kitsap County Comprehensive Plan update allocated the 2005-2025 countywide employment forecasts to individual jurisdictions based on a variety of sources, including individual city comprehensive plans, PSRC employment forecasts, and Washington Employment Security Department data. The methodology, forecasts and allocations are set forth in Appendix D of 2006 Kitsap County's Comprehensive Plan.

The allocation of 2005-2025 forecast net employment growth by jurisdiction is shown in Table ED-1:

Table ED-1 Kitsap 2025 Employment Forecasts by Jurisdiction

Employment Sector Growth by Jurisdiction	Bremerton	Bainbridge Island	Port Orchard	Poulsbo	Unincorporated Kitsap County
Industrial Sector					
<i>Construction/Resources</i>	176	163	57	87	2,835
<i>Manufacturing</i>	-1,888	73	4	13	10,939
<i>Warehousing/Transportation/Utilities</i>	631	195	107	9	238
Total Industrial Employment	-1,081	431	168	109	14,012
Commercial Sector					
<i>Retail</i>	2,475	1,469	239	594	387
<i>Finance/Insurance/Real Estate/Services</i>	4,577	490	1,992	2,904	18,266
<i>Government/Education</i>	1,627	500	374	296	0
Total Commercial Employment	8,679	2,459	2,605	3,794	18,653
Totals	7,598	2,890	2,773	3,903	32,665

Source: Kitsap Buildable Lands Report 2007 based upon data from Kitsap County Comprehensive Plan 10 Year Update 2006 and Appendix D: Employment Capacity.

Kitsap County has established that Poulsbo's employment forecast is for 3,903 new jobs for Poulsbo and its urban growth area by year 2025. Of these new jobs, 97% are in the commercial sector, primarily in finance/insurance/real estate/services occupations.

Poulsbo's employment target by sector was derived utilizing the mid-point of the PSRC 2020 and 2030 employment forecasts for Poulsbo. To calculate the increment of change, 2004 Employment Security sectoral data was reduced one year to a 2003 baseline using a constant rate

of change, by sector, to the interpolated PSRC forecast. (*Methodology from Appendix D 2006 Kitsap County Comprehensive Plan*).

Preparing and planning for the anticipated new jobs is to ensure available land for Poulsbo’s employment forecast. Like Poulsbo’s population allocation that must be translated into new housing units to be accommodated on available residentially zoned land, employment forecasts must translate into available commercial and industrially zoned land.

Therefore, the total number of jobs expected to locate in Poulsbo must be quantified. This quantification was also completed in Kitsap County’s 2006 Comprehensive Plan Update, in Appendix D. Kitsap County developed a methodology that identified assumptions regarding employee space needs, net/gross acre conversions, land market factors and other features of the commercial/industrial land development process. These assumptions were held constant for determining commercial/industrial land demand across all Kitsap County jurisdictions.

The methodology identified in Appendix D of Kitsap County’s Comprehensive Plan was further applied in Kitsap County’s 2007 Buildable Lands Report, which reviewed all of Kitsap County’s jurisdictions’ employment forecasts, converting the jobs into acreage demand, which was then compared to available net industrial and commercial acreage by jurisdiction. This analysis was performed consistently for all the cities by Kitsap County. The 2005-2025 forecast net employment growth by jurisdiction is shown in Table ED-2.

Table ED-2 Commercial/Industrial Land Supply and Demand Analysis

Jurisdiction	Industrial (Net Acres)			Commercial (Net Acres)		
	2005-2025 Demand	2005 Capacity	Surplus or Deficit	2005-2025 Demand	2005 Capacity	Surplus or Deficit
Bremerton	-14	265	279	232	265	33
Bainbridge Island	32	35	3	77	83	6
Port Orchard	23	13	-10	67	43	-24
Poulsbo	26	26	0	99	92	-7
<i>Totals</i>	67	339	272	475	483	8
Countywide Land Supply/Demand Ratio	5.05			1.02		

Source: 2007 Kitsap Buildable Lands Report

Note: Land Supply/Demand Ratio: 1.0 or above demonstrates sufficient supply for demand. See 2007 BLR for additional discussion on supply/demand ratios.

The 2007 Kitsap Buildable Lands Report evaluates the demand of jobs to the supply of land as a total of all the cities collectively, with the results demonstrating that combined, the land capacity for both industrial and commercial zoned land exceeds the forecasted employment demand for the planning period.

However Poulsbo’s industrial and commercial zoning land is identified as minimally providing sufficient capacity for the planning period. While the economic market will dictate whether the expected number of jobs to Poulsbo is actually *realized*, additional land for light industrial and commercial development may need to be provided sometime in the future.

The City should continue to evaluate its light industrial and commercial land availability through the Buildable Lands Report(s) process, as designed and set forth by RCW 36.70A.215.

Permitted commercial and light industrial gross square footage shall be monitored and reported to Kitsap County for analysis during the five-year intervals of the Buildable Lands Report. Based upon the results of the analysis, additional light industrial and commercially designated land may be necessary to ensure sufficient land is available for Poulsbo’s future employers and employees.

9.4 Strengths and Weaknesses of City Economy

STRENGTHS

A Strong Work/Live Community: Poulsbo residents have generally found jobs near where they live. Census data show that a majority of the City’s workforce has found employment near where they live. Certainly the easy commute to Bangor military base, the commercial opportunities of Silverdale and the variety of opportunities on Bainbridge Island have provided Poulsbo residents with many employment options.



*Olympic College Poulsbo Campus
at College MarketPlace*

Encouraging Employment Forecasts: Kitsap County and Puget Sound Regional Council’s future employment forecasts for the Poulsbo area are encouraging. The forecasts predict growth in finance/insurance/real estate/services occupations. The anticipated new jobs created will continue to provide opportunities for Poulsbo residents.

Strong Tax Support: Poulsbo has provided adequate commercially zoned land where retail businesses can locate and thrive. The revenue generated from sales tax significantly supports the City’s budget. Large stores and numerous unique and interesting shops contribute to the strong retail trade occurring in Poulsbo. In 2008, Poulsbo ranked sixth in Washington’s top 50 cities, for strongest retail sales growth rate for the past five years. This sales tax support is a strength that many residential communities who rely on property taxes as their major revenue support, do not enjoy.

College MarketPlace: College MarketPlace provides an interesting and exciting mixture of uses all in a master planned development. The Olympic College campus opened in early 2004 with

its first students. Large commercial retailers have located within this area along with numerous smaller businesses. The remainder of the development is zoned business park and residential, providing opportunities to live, work, learn and shop all within the 216-acre development.

Quaint Downtown: Poulsbo’s downtown is a tourist destination by land and sea. Groups of families and friends visit downtown Poulsbo shops and restaurants year round. The Historic Downtown Poulsbo Association members are creative and always searching for new ways to market and promote Downtown Poulsbo.

WEAKNESSES

Reliance on Retail Sales Tax: Retail Sales Tax is a major contributor to the City’s tax revenue. This strength is also a weakness, as retail sales fluctuate with national and global economic trends. If the economic market experience swings, the revenue the City relies on to support its general fund may decrease. Continued identification and implementation of a diversified revenue sources are necessary for the City to help provide stability during the unpredictable turns of economic trends.

Median income not keeping pace with housing prices: Data from Census 2000 states that the median income of Poulsbo residents was \$38,875. More recent estimates prepared by Washington State (using 2000 Census and updated using CPI percentage for inflation) places Poulsbo’s median income projected at \$50,298. While Poulsbo’s median income appears to be growing, housing prices in Poulsbo’s are among the higher-priced homes in Kitsap County.

Retail trade continues as major employer: The majority of the City’s workforce is employed in retail trade. The wages typically earned in the retail trade will not be able to support the trend of increasing housing prices.

Aging infrastructure and necessary new improvements: Much of the City’s utility infrastructure is planned to be replaced significantly during the 2025 planning horizon. In addition, new infrastructure will be necessary to support the City’s projected population growth. The City’s ability to fund, or legally require others to pay for these improvements, will be a challenge.



Entrance into Powder Hill Business Park

9.5 Goals and Policies

ECONOMIC CLIMATE

A positive economic climate is a major factor in business location decisions, and is comprised of a number of factors that the city directly controls or influences:

- Reasonable, predictable, and stable land use regulations

- High quality public services and facilities
- Competitive tax rates
- Diverse and affordable workforce housing opportunities
- Excellent public education system, along with continuing education and job training opportunities
- A sense of innovation and openness to new businesses, people and ideas

When these factors are aligned, a community has a powerful advantage in the marketplace. Poulsbo is in a strong position on many of these fronts to achieve this. For example, the city has for years had a tax policy that has been deliberately restrained, with a focus on maintaining excellent services within existing resources.



Poulsbo Village

A positive economic climate cannot be accomplished without the sustained efforts of numerous parties. Many factors are beyond the city’s control, such as the educational resources allocated by the North Kitsap School District, or the housing investment decisions made by the private sector. Given a community willingness to maintain a strong economy, the City can act in a leadership role to communicate the importance of a positive economic climate and work with others to achieve it.



Paladin offices at Powder Hill Business Park

GOAL ED-1

To build and nurture a positive economic climate that will attract and retain high quality firms.

Policy ED-1.1

Maintain a business climate that supports the retention and expansion of the city’s economic base. Encourage long-term employment opportunities for community residents so our children can remain in the community if they choose, by providing sufficient family waged jobs.

Policy ED-1.2

Encourage new businesses that build upon the City’s strong foundation as an educational and medical hub. New cutting-edge clean/green businesses should be encouraged to located in Poulsbo.

Policy ED-1.3

Encourage business diversification to reduce dependence on governmental spending, commuter jobs outside of the city, and to minimize cyclical unemployment.

Policy ED-1.4

Consider preparing or cooperate in the development of a market study identifying marketing strategies and opportunities to target business and industries best suited to locate in Poulsbo.

Policy ED-1.5

Engage in proactive recruitment for new business to locate in the City of Poulsbo and support expansion of existing business. Examples of proactive recruitment activities include development of marketing studies and materials, and staffing for implementation activities.

Policy ED-1.6

Seek grant opportunities or other funding sources for the City to develop an Economic Strategic Plan to consider the opportunities and challenges citywide of a healthy economic climate, retention and expansion of existing businesses and successful recruitment of new businesses.

Policy ED-1.7

Continue to provide high quality and cost efficient city services and facilities, and promote this as one of Poulsbo's outstanding economic development assets.

Policy ED-1.8

Maintain an efficient, timely, predictable and customer-focused permit process, conducted in a manner that integrates multiple city departments into a coordinated entity.

Policy ED-1.9

Facilitate the collection, analysis and dissemination of information that contributes to economic activity.

Policy ED-1.10

The City Council shall consider and weigh the impacts of the city's policies regarding taxes, fees and utility rates on Poulsbo's economic development goals, while recognizing the balance between economic development, the maintenance of high quality services, and the financial health of city government.

Policy ED-1.11

Facilitate efforts of businesses and institutions to train workers for today's and tomorrow's jobs, and support continuing education in the community.

Policy ED-1.12

Cooperate and coordinate with local and regional government and economic agencies to implement the Kitsap Countywide Economic Development policies.

Policy ED-1.13

Promote economic development by working with educational institutions to maximize resources and improve the quality of life for both city residents and students. Support and collaborate with Olympic College, North Kitsap School district, and other education institutions to:

- *Maintain and enhance the quality of education at all grade levels;*
- *Maintain and expand the programs of the Olympic College Poulsbo campus;*
- *Encourage the development of programs that meet the changing needs of employers and employees; and*
- *Encourage educational institutions, governments, and businesses to provide opportunities for youth to see and experience a variety of employment and business opportunities.*

Policy ED-1.14

Support the retention and expansion of existing firms and recruiting activities for businesses of all types and sizes which demonstrate a commitment to protecting the environment and enhancing the quality of life in the community.

Policy ED-1.15

In developing and implementing City policies and programs, decision makers should seek to enhance small business opportunities and reduce potential negative impacts on small businesses.

PLANNING AND INFRASTRUCTURE

One of the City’s critical economic development roles is to plan and prepare for the land uses, design features, and utility and transportation infrastructure that support the city’s continued development. By adopting a land use vision, implementing regulations to accomplish it, and investing in the necessary infrastructure to support this desired land use, the City lays a foundation upon which development can occur.

The City’s commitment to planning ensures that the city’s infrastructure, utilities, parks and other needs are able to respond to changing development pressures and needs. This allows the city to grow gracefully, to meet the needs of both existing neighborhoods and new development.

The GMA imposes an affirmative duty upon cities to give support to, foster, and stimulate (encourage) urban growth throughout the jurisdictions’ UGAs within the twenty-year life of their comprehensive plans. [CPSGMHB Benaroya I, 5372c, 3/13/97 Order, at 8.]

As Washington’s market conditions change, new challenges and opportunities arise, and the City will need to undertake planning activities to help Poulsbo adjust. By doing this basic task well, Poulsbo will be able to use planning and infrastructure development to help attract and retain the specific types of economic development desired.

GOAL ED-2

Provide a sufficient amount of land for commercial and business uses, through a supportive Land Use Plan and development regulations.

Policy ED-2.1

Provide a mix of uses that allows for the daily needs of residents to be met within Poulsbo.

Policy ED-2.2

Maintain and update the City’s land use, transportation and utility plans on a regular basis to guide the future of the city’s major commercial areas and help them respond to change.

Policy ED-2.3

Continue to identify, construct and maintain infrastructure systems and facilities required to promote and sustain a positive economic climate. Anticipate needs and coordinate City infrastructure investments with economic development opportunities.



Building at Powder Hill Business Park

Policy ED-2.4

Encourage businesses to expand or locate in Poulsbo in which:

- *Are already in the City;*
- *Support existing businesses and industries;*
- *Fill existing or future gaps in the goods and services available within the City,*
- *Provide jobs to local residents with family or high level wages.*
- *Redevelop underutilized commercial areas.*

Policy ED-2.5

Encourage opportunities for small business enterprises and home-based businesses that are compatible with residential neighborhoods. Limit signs, parking and deliveries and manage other potential impacts. Provisions shall be included in the City’s Zoning Ordinance.

Policy ED-2.6

Continue efforts to implement electronic systems to make permit status information available online.

Policy ED-2.7

Encourage mixed use developments within commercial districts that will enhance the economic quality while providing housing opportunities.

Policy ED-2.8

Provide public services and capital facilities necessary to support the City’s planned urban growth at its adopted levels of service. Implement level of service and concurrency management systems which are consistent with economic development goals and policies.

Policy ED-2.9

Encourage business and industry incubation to encourage participation in Kitsap Economic Development Alliance’s Business Incubation System. Consider identifying incentives and/or flexible development standards to encourage incubator businesses to locate in Poulsbo. Such incentives could be tax abatement and referral, special development considerations, business incubator facility identification, and financing.

Policy ED-2.10

Continue to monitor Poulsbo’s light industrial and commercial land availability through the recurring Buildable Lands Report(s) process, as designed and set forth by RCW 36.70A.215. Based upon the results of the BLR’s analysis, additional light industrial and commercially designated land may be necessary to ensure sufficient land is available for Poulsbo’s future employers and employees.

Policy ED-2.11

Encourage the use of shared parking, carpooling and the establishment of transit incentive programs within commercial projects.

Policy ED-2.12

The City may provide opportunities through zoning, for the concentration of complementary businesses that can attract increased customers, provide needed services or producer and/or consumer goods for surrounding uses.

TECHNOLOGY

Poulsbo’s ability to provide relevant and current telecommunications will be an asset for the City to attract talent and employers to the city in the foreseeable future. In the world of technology, it is difficult to see far into the future; therefore, the City will need to partner and promote keeping the city’s technology current and competitive.

GOAL ED-3

Encourage the expansion of telecommunications to provide widespread access to broadband capabilities within the City.

Policy ED-3.1

Coordinate local installation of city utilities with the Kitsap Public Utility District to install telecommunication infrastructure, especially high-capacity fiber optic cable.

Policy ED-3.2

Identify and then offer incentives to encourage the establishment of “telework” stations throughout the city.

Policy ED-3.3

Monitor trends in telecommunication and technology, ensuring that new infrastructure will be in place or available for the future businesses.

PARTNERSHIPS

For a community like Poulsbo that has a variety of business types and strong education partnerships, the foundations for effective economic development are the firms that are already here. Retaining these firms, continuing to meet their needs and assisting them as they grow and

expand, is of paramount importance. A second source of economic development is the recruitment of new firms or businesses. Recruitment runs the gamut from nurturing small business start-ups to attracting large firms.



Port of Poulsbo marina

Poulsbo is fortunate to have some very capable organizations that play major roles in marketing, retention and recruitment - including the Chamber of Commerce and the Historic Downtown Poulsbo Association. Other partners include the Port of Poulsbo and the Kitsap Economic Development Alliance.

For continued success in retention and recruitment, Poulsbo needs effective leadership that coordinates and promotes the best efforts of all the complementary players. It needs to focus its economic development efforts with a clear and coordinated strategy.

GOAL ED-4

Foster partnerships with local businesses, civic clubs and government agencies to build upon and expand Poulsbo's economic base.

Policy ED-4.1

Continue to participate with and support the Kitsap Economic Development Alliance as a resource to provide advice on economic development needs, the potential for retaining and expanding existing industries, and attracting new job opportunities.

Policy ED-4.2

Partner with the Chamber of Commerce and Historic Downtown Poulsbo Association to promote and market the city's retail districts. Assist the Chamber and Downtown Merchants in development of community marketing materials.

Policy ED-4.3

Cooperate with Kitsap County, state agencies, and the private sector, to ensure that public improvements necessitated by new private development are funded equitably.

Policy ED-4.4

Continue working with the Port of Poulsbo to provide and promote Poulsbo as a destination for the boating community, and to assist the Port where feasible, to improve their facilities including additional parking for port use.

Policy ED-4.5

The City Council's Economic Development Committee shall continue to work to build these partnerships, support the Poulsbo business community, and identify programs and policies to enhance and build Poulsbo's economic diversity.

Policy ED-4.6

Encourage public and not for profit organizations to enter into partnership arrangements with private business interest to facilitate economic development projects that would not otherwise occur without cooperation of both the public and private sector.