

Chapter 9. Economic Development



9.1 Community Key Goals – Economic Development

- Guide and enhance Poulsbo's positive economic climate that attracts and supports business retention, expansion and recruitment.
- Attract businesses and foster local entrepreneurship that serves Poulsbo residents, the greater North Kitsap community, and our valued tourists.
- Support the provision and expansion of education at all levels and training opportunities, to maintain and enhance a skilled workforce.
- Support economic development initiatives for Poulsbo residents to have access to family wage jobs, and employers have access to a talented workforce to assist in retaining and growing their businesses.
- Provide sufficient infrastructure and public facilities appropriate to support economic development.
- Encourage business activity that takes advantage of technology and promotes alternatives to commuting, including the increasing trend to work from home.
- Ensure a healthy and beautiful environment, vibrant and thriving community and high quality of life for all Poulsbo residents and businesses.

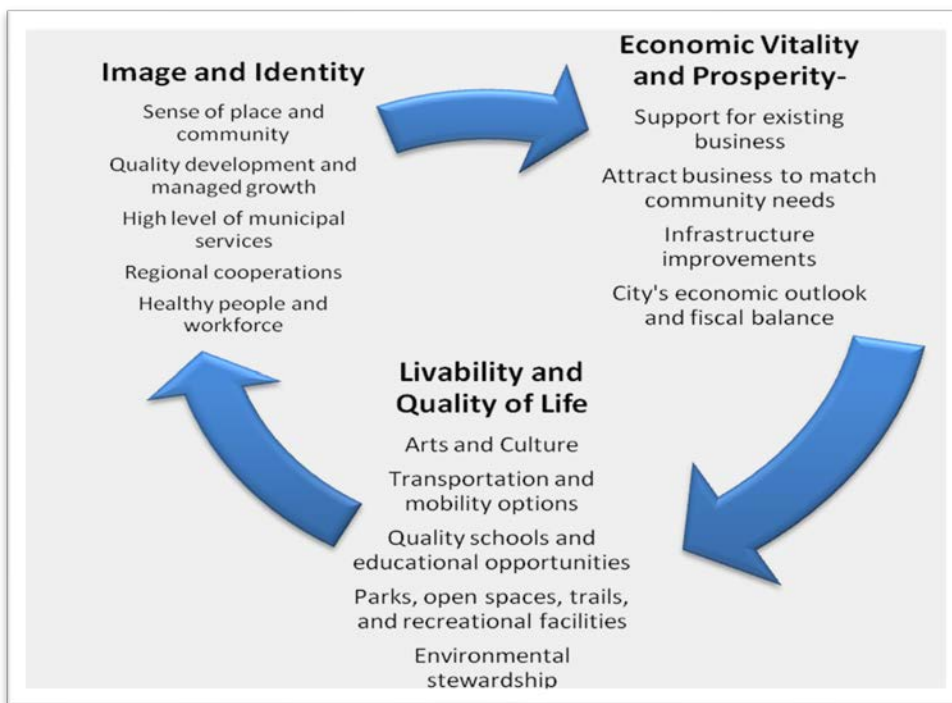
9.2 Plan Context

Economic vitality 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 and encourages employment opportunities. Ideally, economic development should balance economic growth, stability, environmental protection, efficient use of land, and preservation of Poulsbo's identity and 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 is ideally situated at the crossroads of West Sound, and it serves as North Kitsap's commercial, employment and residential center.

Poulsbo's Economic Development Chapter is built upon the understanding that the City's economy is intrinsically tied to its quality of life, as well as the identity it presents to others, whether they are visitors, shoppers, residents, developers or employers.

Figure 9-1 Relationship of Livability and Economic Vitality



Poulsbo is home to many small, medium-size and locally owned businesses, as well as national chain retailers. The city provides a positive business climate that supports innovation and attracts business owners to locate here because of the quality of life it offers. An attractive quality of life will continue to become more important for site selection, as companies continue to become more mobile through advances in technology.

To be successful in the future, Poulsbo needs to build on its strong sense of community and shared heritage, while also providing land availability and infrastructure to provide areas where companies can locate to provide family wage employment. The City recognizes that a healthy economy provides opportunities for diverse segments of the community. 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 Poulsbo community.

The Economic Development Chapter, therefore, provides a policy framework that identifies how the community can retain successful businesses while pursuing future economic development opportunities. This element includes policies related to:

- Positive Business Climate
- Education and Workforce Development
- Planning and Infrastructure
- Economic Development Implementation
- Partnerships
- Livability and Economic Vitality

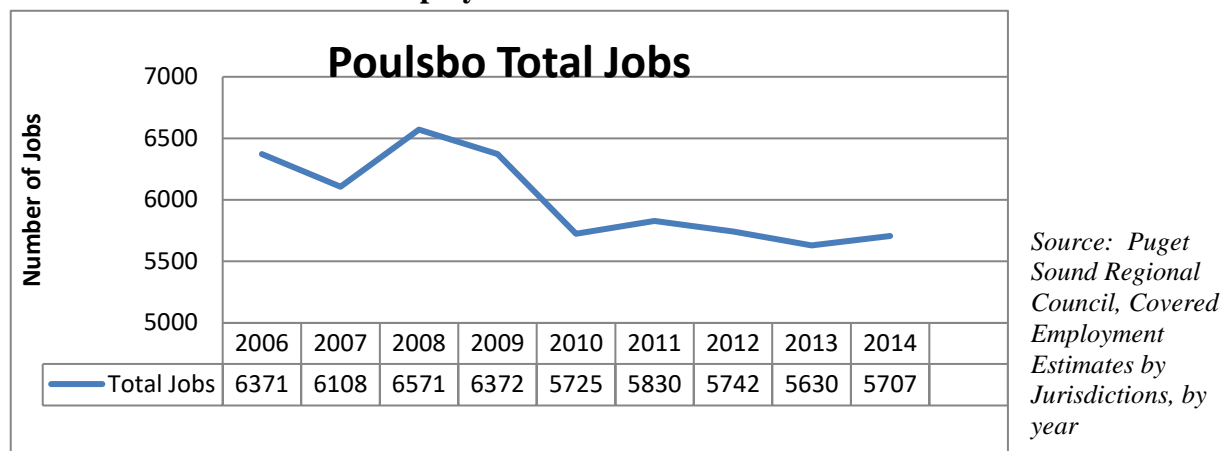
9.3 Today's Conditions and Tomorrow's Employment Targets

Today's Conditions

The Puget Sound Regional Council (PSRC) monitors employment for its member jurisdictions by tracking data reported to the Washington State Employment Security Department. The data set is pulled March of each year, as a representative month when seasonal fluctuations are minimized. The unit of measurement is jobs – rather than persons – and includes part time and temporary positions.

While Poulsbo's total number of jobs declined from its peak in 2008, it has remained relatively consistent and steady since 2010. Based on new commercial development in recent years, the City expects increased job growth in the upcoming reporting years.

Table ED-1 Poulsbo Total Employment 2006-2014



2036 Employment Targets

In 2014, the Kitsap Regional Coordinating Council adopted employment targets that are consistent with the Puget Sound Regional Council's Regional Growth Strategy (a land use policy document which is part of PSRC Vision 2040 Plan), and local employment trends. These countywide employment targets are included in the 2014 Kitsap Buildable Lands Report and identify job targets for all jurisdictions.

Kitsap County expects to see an additional 46,158 jobs by 2036, with 76.6% as commercial jobs and 23.4% as industrial jobs. The industrial target represents a 6.4% increase in industrial jobs from the previous employment target (2006 Kitsap County Comprehensive Plan). The increased target represents the county and Puget Sound region-wide goals to support the creation and retention of industrial sector employment.

Poulsbo's 2036 employment growth target is an additional 4,201 jobs, representing 9.1% of the countywide allocation; the commercial sector is projected to grow by 3,651 jobs over the 20-year time period, and the job growth in the industrial sector is expected to be 550 new jobs over the same time period. This employment target represents a growth of approximately 200 new jobs annually; however, similar to the City's population allocation, whether the job growth actually occurs at the projected rate is dependent on the national, regional and local economic markets.

When the employment target of 4,201 is added to the 2014 Poulsbo jobs of 5,707, the total number of jobs anticipated for Poulsbo in the year 2036 is 9,908.

The allocation of 2036 employment growth by jurisdiction is shown in Table ED-2:

Table ED-2 Kitsap 2036 Employment Growth Targets by Jurisdiction

| | Sector Share Summary | | Growth Allocation: 2010-2036 | |
|---|----------------------|---------------|---------------------------------|--------------|
| UGA | Commercial | Industrial | Total | Percent |
| Bainbridge Island | 1,984 | 823 | 2,808 | 6.1% |
| Bremerton | 13,493 | 4,509 | 18,003 | 39% |
| Bremerton UGA | 962 | 422 | 1,385 | 3% |
| Central Kitsap | 1,030 | 171 | 1,200 | 2.6% |
| Kingston | 437 | 163 | 600 | 1.3% |
| Port Orchard | 2,571 | 560 | 3,132 | 6.8% |
| Port Orchard UGA | 1,712 | 134 | 1,846 | 4% |
| Poulsbo | 3,607 | 548 | 4,155 | 9% |
| Poulsbo UGA | 44 | 2 | 46 | 0.1% |
| Silverdale | 6,679 | 2,427 | 9,106 | 19.7% |
| Total Urban | 32,521 | 9,760 | 42,281 | 91.6% |
| Rural | 2,817 | 1,060 | 3,877 | 8.4% |
| Total New Jobs Urban and Rural | 35,338 | 10,820 | 46,158 | 100% |

Source: Table 5-1 2014 Kitsap Buildable Lands Report p. 53 - Kitsap County and BERK and Associates

The commercial/industrial land supply for the cities and unincorporated Kitsap County was calculated based on agreed land capacity methods, and are included and described in the 2014 Kitsap Buildable Lands Report Chapter 5 and Appendix C. The summary of the land capacity analysis for commercial/industrial land supply for each jurisdiction is reported in Table ED-3.

Table ED-3 Commercial/Industrial Land Supply and Demand Analysis through 2036

| | Growth Allocation 2036 | | Total Capacity | Difference | Capacity/Demand Ratio |
|------------------------------|-------------------------------|----------------|---------------------------|--|------------------------------|
| UGA | Total | Percent | Total Job Capacity | Total Capacity Minus Allocation | Ratio |
| Bainbridge Island | 2,808 | 6.1 | 2,941 | 1,363 | 1.04 |
| Bremerton | 18,003 | 39.0 | 19,182 | 1,179 | 1.06 |
| Bremerton UGA | 1,385 | 3.0 | 1,383 | -2 | 1 |
| Central Kitsap UGA | 1,200 | 2.6 | 1,012 | -188 | 0.84 |
| Kingston UGA | 600 | 1.3 | 638 | 38 | 1.06 |
| Port Orchard | 3,132 | 6.8 | 5,569 | 2,437 | 1.78 |
| Port Orchard UGA | 1,846 | 4.0 | 3,634 | 1,787 | 1.97 |
| Poulsbo | 4,155 | 9.0 | 4,010 | -145 | .97 |
| Poulsbo UGA | 46 | 0.1 | 64 | 18 | 1.39 |
| Silverdale UGA | 9,106 | 19.7 | 6,409 | -2,697 | 0.7 |
| Total Urban | 42,281 | 91.6 | 44,842 | 3,774 | 1.181 |
| Rural | 3,877 | 8.4 | N/A | N/A | N/A |
| Total Urban and Rural | 46,158 | 100 | N/A | N/A | N/A |

Source: Table 5-9 2014 Kitsap Buildable Lands Report p. 59
Kitsap County and Kitsap Regional Coordinating Council

Based upon the capacity analysis utilized by all jurisdictions, there is sufficient land capacity to meet the countywide growth target of 46,158 jobs. Poulsbo has sufficient available employment land to meet 4,074 of its 4,201 job target, representing a small land capacity deficient of 127 jobs. However, there is likely additional capacity within underutilized existing commercial buildings that is sufficient for the capacity deficient which further analysis can substantiate. Additionally, a land use and zoning re-designation of approximately 5 acres of residentially zoned property to a non-residential zoning district would provide sufficient land capacity for the 127 job deficient.

While the economic market will dictate whether the targeted number of jobs allocated to Poulsbo is actually realized, additional land for commercial and light industrial will most likely need to be provided in the future. The City should continue to evaluate the availability of commercial and light industrial land annually and through the required buildable land reporting intervals.

9.4 Challenges and Opportunities

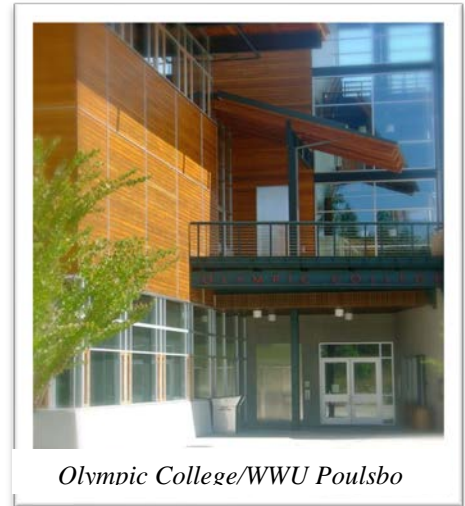
Poulsbo is strongly positioned for continued economic vitality; however, the City will need to respond to key challenges and opportunities as it continues to expand as a competitive city.

Promoting innovative and entrepreneurial development:

Innovation and entrepreneurialism are keys to success in an evolving economy, and Poulsbo will need to be competitive to attract and retain the talent that thrives on innovation. The City and community can do more to cultivate an environment that supports entrepreneurialism by building on the local education system and expanding the presence of the existing higher education institutions, recruiting innovative companies that are a good fit for Poulsbo, and promoting affordable and flexible workspace that attract innovative talent, start-ups and niche businesses.

The Built Environment:

Poulsbo needs diverse business zoning districts and building types to attract new development, adjust to market trends, and remain attractive to key commercial and industrial sectors. The Land Use Chapter, zoning and development regulations must provide for the land use and building types necessary to achieve the City's economic development goals. Moreover, the City will need to ensure the necessary infrastructure is planned, funded and built to support these commercial centers.



Mobility Challenges:

Population, employment and tourism growth have increased the movement of people and goods traveling on the local and regional transportation system. Economic success in Poulsbo will require a range of multimodal transportation options. This will require both local and regional resources to ensure that the region's transportation network is able to maintain the movement of people and goods in an efficient and timely manner.

Tourism and Visitor Experiences:

Poulsbo has strong and attractive tourism and visitor experiences, continuing to be named one of the best small cities in Washington State to visit. Encouraging cohesive, cooperative and more comprehensive marketing of Poulsbo presents many exciting opportunities for improvement.

Workforce Housing

To support a healthy economy, there is a need for housing options for workers at all income levels. Promoting housing affordability will be a challenge as Poulsbo continues to grow.

Maintaining Poulsbo's Economic Prosperity

Poulsbo's resilience in the aftermath of the Great Recession (2007-2009) is testimony to a diverse economy. The challenge now is to build on the strengths that economic diversity and innovation can yield, without losing or diminishing the quintessential elements that make Poulsbo, well, Poulsbo.

9.5 Goals and Policies

POSITIVE BUSINESS CLIMATE

A positive economic climate is the creation of a supportive environment for business retention and expansion through the efficient delivery of governmental services, a cost-effective tax, fee and regulatory structure, and effective partnerships with agencies that engage in direct economic development activities. 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:

- Desirable quality of life;
- 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.



Entrance into Powder Hill Business Park

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, and should take a facilitative approach to encourage business investment, and committed interest in business growth. 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.

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 resource allocation, 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.

GOAL ED-1

Nurture an economic climate that will attract and retain businesses, and assist in their development, expansion and success.

Policy ED-1.1

Promote and maintain a business climate that supports the retention and expansion of the city's economic base.

Policy ED-1.2

Support the retention and expansion of existing firms by promoting local businesses and locally produced goods and services.

Policy ED-1.3

Proactively recruit new businesses to locate in the City of Poulsbo. Examples of proactive recruitment activities include development of marketing and promotional printed and digital materials, and staffing for implementation activities.



Mora Ice Cream at Eagle Harbor Business Park on north Viking Avenue

Policy ED-1.4

Facilitate the collection, analysis and dissemination of information that promotes existing and new economic activity.

Policy ED-1.5

Facilitate efforts of businesses and institutions to train workers, and support and advocate continuing education for Poulsbo's business community.

Policy ED-1.6

Foster a culture of creativity, entrepreneurship and innovation which helps promote new business creation and job growth.

Policy ED-1.7

Encourage infill and redevelopment of existing or underutilized commercial and light-industrial areas.

Policy ED-1.8

In developing and implementing City policies and programs, decision makers should take into consideration the effects on business and the economic benefit to the community.

Policy ED-1.9

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.



Entrance to OC/WWU Poulsbo campus

EDUCATION AND WORKFORCE DEVELOPMENT

Poulsbo is home to several primary, secondary and higher education institutions. When combined, they contribute new ideas and innovations, cultural offerings and training opportunities that benefit students and businesses. Exceptional education provides quality of life benefits and prepares the next generation of workers to build and maintain an innovative and creative economy. By promoting educational opportunities for residents and workers of all ages and backgrounds, the City lays the foundation for a resilient local economy that attracts outstanding talent.

GOAL ED-2

Commit to academics, affordable educational options, career training and lifelong learning.

Policy ED-2.1

Encourage expansion of the OC/WWU presence in Poulsbo and the “college town,” distinction by supporting:

- *Increased 4-year degree programs;*
- *Increased facilities to be more campus-like and less satellite-college;*
- *Increased community-oriented classes and lectures;*
- *Provision of dorms/student housing;*
- *Provision of student union/recreation center;*
- *Improved nightlife, entertainment and evening activities; and*
- *Provision of student jobs.*

Policy ED-2.2

Continue to support the provision of high-quality primary and secondary education by the North Kitsap School District and private schools.

Policy ED-2.3

Support a commitment to lifelong learning which drives innovation, strengthens and diversifies existing workforce, and attracts talented new workers.

Policy ED-2.4

Partner with educational institutions to maximize resources and improve the quality of life for both city residents and students. Support and collaborate with Olympic College, Western Washington University, 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 and Western Washington 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.*

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's infrastructure funding and development efforts are directly linked to and supports the City's economic development program.



Marine View Beverage at College Marketplace

The City's commitment to planning ensures that the city's infrastructure, utilities, parks and other resources 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 City also undertakes planning activities to help Poulsbo adjust to changing market conditions. By doing this basic task well, Poulsbo is able to attract and retain predetermined business types.

GOAL ED-3

Provide a sufficient amount of land for commercial, light industrial, and business uses, the infrastructure and public facilities necessary to support economic growth, and an efficient and timely permit process.

Policy ED-3.1

Maintain an adequate supply of developable employment lands (commercial, light industrial, office commercial industrial, and business park) to accommodate the forecasted growth and accomplish the City's economic development goals.

Policy ED-3.2

Review land use regulations and development standards to ensure that vacant or underutilized employment lands can be used as efficiently as possible. Identify and remove barriers to redevelop underutilized and/or vacant land and buildings.

Policy ED-3.3

Monitor Poulsbo's light industrial and commercial land availability annually and through the recurring Buildable Lands Report(s) process, as designed and set forth by RCW 36.70A.215.

Policy ED-3.4

Continue to provide adequate and efficient community infrastructure such as roads, water, sewer, storm water management, parks and recreation, and other public facilities and services.

Policy ED-3.5

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

Policy ED-3.6

Encourage and support the development of technology and telecommunications infrastructure citywide.

Policy ED-3.7

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-3.8

Enforce development regulations in a consistent, objective manner.

Policy ED-3.9

Ensure the City's commercial and employment zoning districts provide suitable areas and uses that support the employment needs of the community and provide a variety of siting opportunities.

Policy ED-3.10

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 standards which are consistent with economic development goals and policies.

ECONOMIC DEVELOPMENT IMPLEMENTATION

Economic development is a dynamic field, and to remain competitive, Poulsbo will need to implement its economic development strategy.

GOAL ED-4

Encourage an economic development strategy that is flexible and nimble, able to respond quickly to market changes and climate.

Policy ED-4.1

Encourage an environment supportive of entrepreneurial activities, evolving business models and emerging work forces.

Policy ED-4.2

Accommodate a mix of jobs, while actively seeking a greater proportion of family wage jobs that will benefit a broad cross-section of Poulsbo residents.

Policy ED-4.3

Consider the use of organization and financial tools or investment, including public-private partnerships where appropriate, to catalyze or leverage private sector and other resources, to accomplish Poulsbo's economic development goals.

Policy ED-4.4

Encourage economic development through a mix of incentives, economic and planning data, business assistance services, and strategic investments that support the City's adopted plans.

Policy ED- 4.5

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-4.6

Support the Kitsap Public Utility District efforts to install telecommunication infrastructure, especially high-capacity fiber optic cable.

Policy ED-4.7

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

Policy ED-4.8

Support development of flexible workspaces where people with shared interests can meet, collaborate and develop their business ideas and products.

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.

Poulsbo is fortunate to have some very capable organizations that play major roles in marketing, retention and recruitment - including the Chamber of Commerce, Poulsbo Marketing Coalition, Kitsap Peninsula Tourism, North Kitsap Tourism Consortium, 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-5

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

Policy ED-5.1

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

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.]

Policy ED-5.2

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

Policy ED-5.3

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-5.4

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-5.5

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-5.6

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.

LIVABILITY AND ECONOMIC VITALITY

The quality, character and richness of place has become a key driver of the economic competitiveness of cities and regions. High-speed telecommunications allow talented workers and businesses to locate anywhere, increasing the importance of livability factors such as high-quality built environment and urban design, environmental protection, parks and recreation opportunities, cultural attractions and entertainment. Quality of life also requires recognizing the importance of

affordable and diverse housing options that provide workers with opportunities to live close to their jobs.

GOAL ED-6

Continue to support and invest in the quality of life attributes that provides Poulsbo with a competitive advantage in attracting business interests.

Policy ED-6.1

Recognize the economic benefits of city and private sector investments in urban amenities like arts and culture, open space and recreational facilities, and high-quality urban design. Strengthen the City's assets in these areas as an explicit component of the City's economic development strategy.

Policy ED-6.2

Maintain development standards that ensure high quality design and urban amenities for public and private development.

Policy ED-6.3

Provide a range of housing options to accommodate Poulsbo's diverse workforce.

Policy ED-6.4

Support efforts that promotes tourism, hotel, retail and arts businesses.

Policy ED-6.5

Facilitate the redevelopment and re-invigoration of older commercial areas. Work with property owners and stakeholders to transform such areas into dynamic retail/mixed use commercial areas that also provide a gathering place.

Policy ED-6.6

Maintain and implement programs specifically designed to improve Poulsbo's community appearance (i.e. graffiti, litter, weed abatement, property maintenance.)

Policy ED-6.7

Encourage and support community, entertainment and evening activities throughout the commercial areas of the city, to broaden the community's choices of things to do after dark.