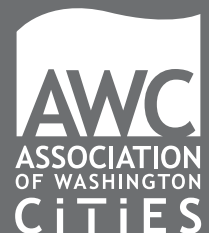


Strong Cities, Strong State

Economic Development in Washington's Cities and Towns

State of the Cities

2007 Report



State of the Cities Report 2007

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The Association of Washington Cities (AWC) Inc. is a private, non-profit membership organization that exists to create and maintain livable cities and towns throughout the state. AWC serves its members through advocacy, education and training, technical assistance, risk management and insurance services.

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Acknowledgement

Washington's cities and towns are a key element in the state's economic prosperity. They recruit and nurture businesses that provide good jobs for residents, serve as the hub for innovation and creativity, and are where the majority of the state's gross domestic product is generated.

City services and infrastructure systems support this productivity and prosperity. However, information collected from city officials through an Association of Washington Cities (AWC) survey and focus group discussions suggests that cities and towns face significant barriers in nurturing economic development.

This report outlines both city successes and barriers to economic development. It also presents recommendations that will help strengthen the state's partnership with cities and towns and better position Washington State to compete in the global economy.

Cities and towns are essential partners in Washington State's economic development strategy. Strong collaboration in the coming years will help our state build a long-lasting foundation that will secure Washington's economic prosperity well into the 21st century.

A special thank you is extended to the AWC Board of Directors, the cities and towns that participated in the survey and focus groups, and those who were interviewed. Thanks also to Alicia Seegers Martinelli who wrote and coordinated the report, Michelle Harvey who edited the report, and the many AWC staff who helped in other ways.

Sincerely,



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City Economic Development in a Global Economy

City Economic Development in a Global Economy

Washington's cities and towns are the corner stone of economic development throughout the state. Cities and towns provide an essential infrastructure that allows people to drink clean water and flush toilets without concern for public health and safety. City streets and bridges provide for mobility of people and commodities. Planning and zoning services guide development to fit with the community's vision. Municipal maintenance of parks and community centers contribute to the well being of our citizens.

Cities are the state's long-term partners in economic development. They are the building blocks of a strong economy. Businesses in Washington's cities generate 90 percent of the state's gross domestic product;¹ and every trip in a vehicle begins and ends on a city street or county road.

Across the state, the results of city economic development efforts are visible. From downtown revitalization to industrial parks, cities are at the forefront of economic growth in their communities. A city's economic development strategy creates a diversified economy and quality jobs for residents. It shapes the places where people want to live and it provides revenue growth to support the services residents and businesses depend on.

Yet many cities and towns struggle to provide services to the level that officials would like and residents and the business community expect. Data collected through a survey and focus group discussions for this report indicate that cities face impediments to fostering economic development in their communities. These barriers include:

- Inadequate infrastructure;
- Lack of revenue options and taxing flexibility;
- Difficulty recruiting and retaining major employers;
- Limited technical expertise and lack of skilled city staff; and
- Shortage of housing supply, including affordable housing.

This report outlines these barriers in detail and provides recommendations for city and state action.

“I see cities as partners in economic development. All economic development should start locally, so cities and counties and local economic development engines in the community are the ones that best determine what will be helpful for them.”

-Representative Kelli Linville, Washington State House of Representatives

¹Global Insight, *The Role of Metro Areas in the U.S. Economy*, 2006

Economic development in the 21st century

Cities have a fundamental role in the regional aspect of the Washington economy. Even the most rural areas have some city connection that is vitally important to the character of the economy in that region.

-Marc Baldwin, Executive Policy Advisor to Governor Gregoire

Our world, our state and our cities are in the midst of a changing economic environment. The impact of globalization is an every day reality. Economic powers are shifting. Around the world, a technological revolution is changing the speed of communications and the location of traditional work places.

The United States economic base has largely transitioned from industry to services. From 1960 to 2002 the percent of goods-producing wages and salaries (manufacturing, mining, construction, and agriculture) fell from 42 to 22 percent.² The workforce is also becoming increasingly dependent on global markets. In the US, multinational corporations make up one-fourth of the private-sector workforce, employing about 27 million people³ and in Washington State, one in every three jobs is related to international trade.⁴

To keep pace with the changing environment, economic development strategies shifted from a concentration on industry recruitment to the nurturing of clusters—geographic concentrations of businesses specializing in a particular field. Economies now center on regions. An emphasis on innovation and constant technological advances helps secure a region's role in the global market.

There is also a movement toward increasing urbanization. Innovation and economic growth occur in areas that attract a critical mass of creative talent.⁵ Communities now compete to attract business *and* workers. These communities must invest not only in developing the infrastructure and site accommodations that businesses need, but also in creating and maintaining the kinds of places workers want to live.

² National League of Cities, *Toward a New Economic Vitality*, 2005

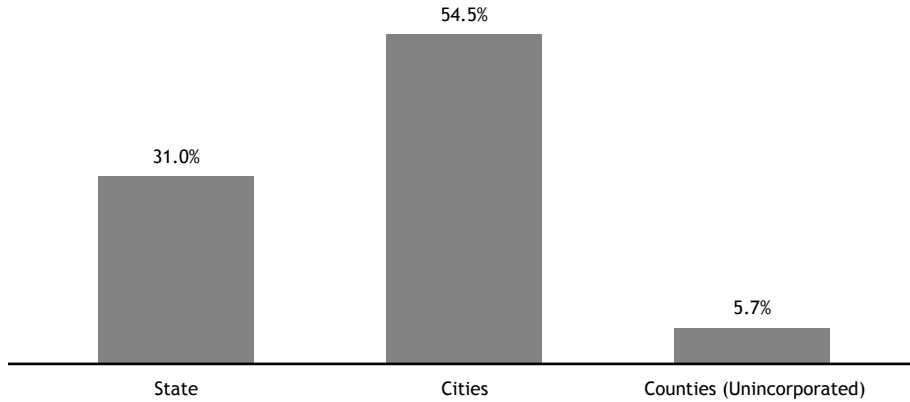
³ National League of Cities, *Toward a New Economic Vitality*, 2005

⁴ Global Competitiveness Council, *Rising to the Challenge of Global Competition*, 2006

⁵ Richard Florida, *The World is Spiky*, 2005

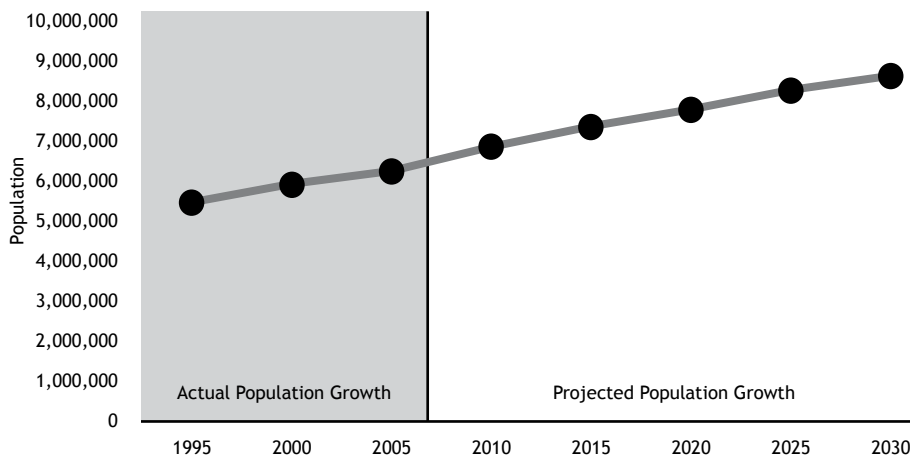
Washington’s cities and towns are the hub of creative energy and innovation. People congregate, ideas are shared, and technological advances happen in cities. In 1990, 52 percent of Washington’s population lived in cities. Today, that number is 61 percent—an estimated 3.9 million people.⁶

City, state and county percent population growth, 1990-2006



Cities are growing at a faster rate than the state’s overall population. Between 1990 and 2006 city population growth was 54.5 percent, while the state’s population growth was only 31 percent. As this trend continues, the number of people living in cities as a share of the state’s population will continue to grow.

Washington State’s actual and projected population growth



Economic development in Washington State

The scope of economic development practices in Washington differs from other states. While many other states offer businesses a range of tax incentives and funding mechanisms, Washington’s economic development tool box is more limited. Due to what was perceived to be abuses of the gifting and reselling of land for profit by the railroad industry, Article VIII,

⁶ Office of Financial Management, 2006

Section 5 of the Washington State Constitution contains provisions that strictly limit the lending of state credit and the gifting of public funds. "The credit of the state shall not, in any manner be given or loaned to, or in aid of, any individual, association, company or corporation."

Throughout history, the Constitution was narrowly interpreted as to how public funds could aid private businesses or corporations. Consequently, city economic development efforts have focused on providing the core public services communities need for greater prosperity and a high quality of life. Other than very specific tax incentives approved by the Legislature and seen as in the public's interest, the most important economic development tools in Washington lie in the provision of infrastructure.

In recent years, measures were enacted enabling cities and the state to enhance economic development. Recent legislation, such as the Local Infrastructure Financing Tool (LIFT) and the Job Development Fund, provides some funding for infrastructure enhancements associated with economic development projects.

Recent economic development measures passed by the Legislature

- **The Local Infrastructure Financing Tool (LIFT) (E2SHB 2673)** provides funding for local infrastructure using sales tax, property tax and selected other excise tax increases generated by an economic development project as part of a revenue development area designated by the sponsoring local government. The incremental increase in taxes may be credited against the state sales and use tax revenues up to \$1 million per year per project. The annual aggregate amount of local taxes credited against the state sales tax is limited to \$5 million per year (passed 2006).
- **The Job Development Fund (ESHB 1903)** creates a fund to aid in the construction of large infrastructure projects associated with economic development. The measure provides up to \$50 million a biennium for infrastructure grants. Projects must result in the creation or retention of jobs (passed 2005).
- **The Economic Development Strategic Reserve Account (2SSB 5370)** creates an account for the Governor to access for attracting or retaining businesses. The Governor must consult with the Department of Community Trade and Economic Development and the Economic Development Commission prior to distributing funds, which may be used for workforce development, public infrastructure, and other assistance (passed 2005).

Governor Chris Gregoire has clearly indicated that economic development is one of her main priorities. Early in her term, she formed the Global Competitiveness Council, a group of community, business and government

leaders who developed recommendations to better position Washington State for success in the 21st century. She is promoting Washington as a leader in foreign trade, and a major player in life sciences and research.

At her September 2006 economic development and workforce forum, the Governor revealed *The Next Washington: Growing Jobs and Income in a Global Economy*. The discussion draft identified three components of her strategy to move Washington in a more competitive direction:

- (1) Investing in education and skills;
- (2) Making deliberate investments in infrastructure, including energy, telecommunications, water and transportation; and
- (3) Making business operations easier and less expensive.

Each strategy is important to cities. Cities and towns know that a good education system drives investment in their communities. Focus group discussions confirmed this and a number of cities emphasize workforce development.

Cities and towns are strongly committed to investing in a strong infrastructure. As visible partners in this arena, cities support many of the leading industries that do business in the state. They provide the systems that deliver water to homes and offices, and they build and maintain the streets over which goods are delivered.

Washington's cities and towns continue to take important steps that make business practices easier. By streamlining license and permit processes, cities assist development in a way that is consistent with the community's vision and desires.

The state's leadership in economic development is laudable. But cities and towns must also be recognized as an important partner in this endeavor. Only by working together can Washington succeed in the global 21st century marketplace.

...The public sector should lay the foundation for private sector success. 'Infrastructure' means more than the traditional sense of roads and sewers, though those are important. In a modern economy, the foundation for economic growth includes transportation, energy, water and electronic connections to markets and suppliers.

-*The Next Washington: Growing Jobs and Income in a Global Economy*

Methodology

Methodology

The State of the Cities is an ongoing research effort by the Association of Washington Cities to explore the fiscal health and trends of Washington's cities and towns. A comprehensive report is released every four years at the beginning of each gubernatorial term. Interim reports, such as this one, present an in-depth look at a specific topic and will be released annually between full reports. When used in this report, the word "cities" refers to cities and towns.

The 2005 comprehensive report grouped cities into clusters to better compare differences between types of cities. City clusters were established based on location, population, household income, property values, retail sales tax revenues and population growth. Through statistical analysis 14 city clusters were created.⁷

Several data collection techniques were used for the 2007 report.

- A survey was sent to all 281 cities, with a return rate of 49 percent, representing 74 percent of city residents.⁸
- Six focus groups were held, allowing opportunities for 56 city elected officials and staff from 39 cities to participate in discussions.⁹
- Interviews were conducted with state and local governmental leaders, economic development consultants, and city officials as a follow-up to the survey and focus groups.

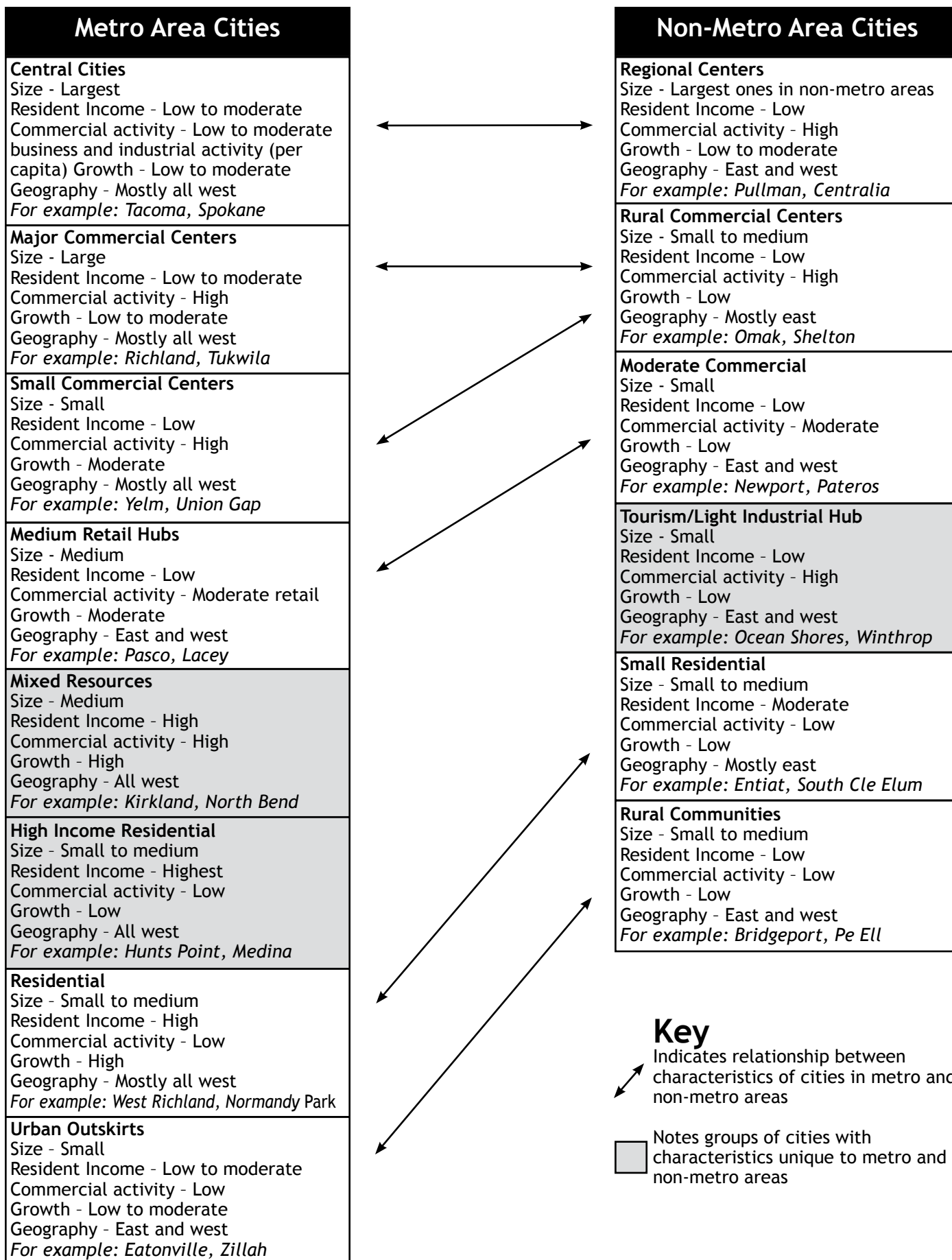
Additional information about this report, city responses by cluster, and the 2005 comprehensive report can be found on the AWC website, www.awcnet.org.

⁷ Full description of cluster methodology and membership is included in Appendix A.

⁸ Additional survey methodology, a copy of the survey and a list of participants are included in Appendix B.

⁹ Focus group questions and a list of participants are included in Appendix C.

Key Economic Indicators in Washington City & Town Groupings



Diversity of City Economic Development Activities

Diversity of City Economic Development Activities

Washington’s cities are diverse. From the wineries of Walla Walla to the high-tech hub of Puget Sound, each city’s economic development efforts reflect a community’s uniqueness.

Cities participate in a broad range of services to support economic development in their communities. They provide core infrastructure services, such as water, sewer and transportation that all residents and businesses require. They support services that are at the center of a high quality of life, such as public safety and parks. In some cases cities place a focus on areas like small business development or industrial parks. At times services are delivered by the city itself or through partnerships with other local governments, businesses and nonprofit organizations.

Important to cities, large and small

A strong economy is important to all cities, large and small. In focus groups city officials listed many reasons for promoting economic development, including the desire to create quality jobs, improve city services and provide amenities for residents.

While economic development has always been a priority for cities, in recent years many cities placed a greater emphasis in this area. For the 2005 *State of the Cities* report, 26 percent of cities responded to a survey affirming they have an economic development department. Two years later, 31 percent of cities noted that they have an economic development department or staff member. Twenty-four of those economic development departments or staff positions were created since 2000 and 15 of them since 2004.

Economic development matters to cities for a variety of reasons—job and tax base diversification, community preservation and identity building to name a few. Some city officials turned to economic development because their populations are declining. Others said their community experienced significant growth and proactive economic development aligns development with the community vision.

A few city officials said their communities previously relied on a single industry or company—their city was a “company town.” When the company experienced a downturn or decided to move, the community had to switch gears. A focus on economic development helped them evaluate their community’s strengths and identify the tools needed to make positive changes.

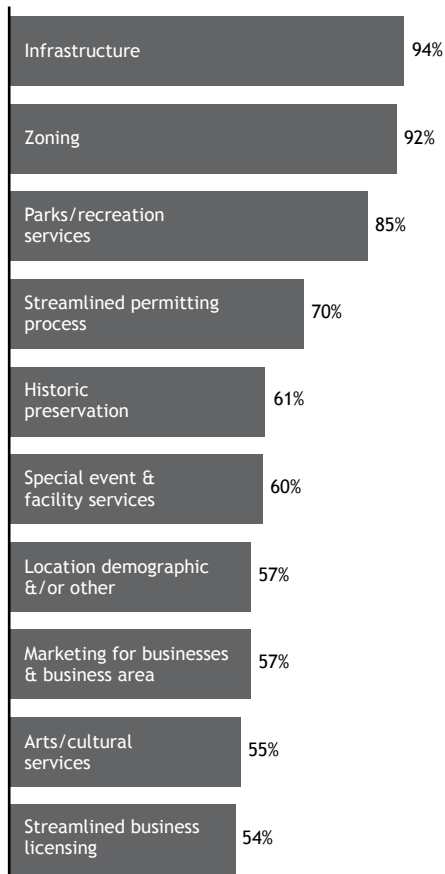
“Every day I see cities that are building a stronger economy. They have solid alignment of their vision and strategies—the city council, the port, business community and citizenry all pulling together.”

~Juli Wilkerson, Director, Washington State Department of Community, Trade and Economic Development

“We’re fundamentally changing the way our city delivers development services to consistently provide fast, predictable, coordinated services to our customers and the community.”

~Mike Brennan, Deputy Director of the Department of Planning and Community Development, City of Bellevue

Percentage of city officials’ responses showing what services promote economic development in their communities



Planning for economic development

The services a city provides reflect community expectations and the city’s capacity to deliver those services. The planning effort by a city with a population of 60,000 may be vastly different from that of a city of 6,000.

As previously noted, almost a third of cities (31 percent) indicated they have an economic development department or staff person. However, cities in metro areas are more likely to have an economic development department or staff person than other cities, such as 100 percent of responding central cities.

More cities have an economic development plan than a department or staff member. Overall, 39 percent of cities responding to the survey indicated they have an economic development plan. Cities with an economic development plan tend to be medium and large cities or in metro areas.

Even without an economic development plan, communities still promote economic development. Focus group discussions revealed that economic development is significant to nearly all cities, large and small. Mayors, council members, city managers, administrators and clerks emphasized that economic development is often part of their day-to-day responsibilities.

City services promoting economic development

Many of a city’s core services support economic development efforts. Whether it’s a strong transportation system that transports people and goods, or parks that enhance the quality of life, cities are an important contributor to the state’s prosperity.

When asked which services cities support to promote economic development, most cities identified their infrastructure and planning departments. The top response was infrastructure (94 percent).

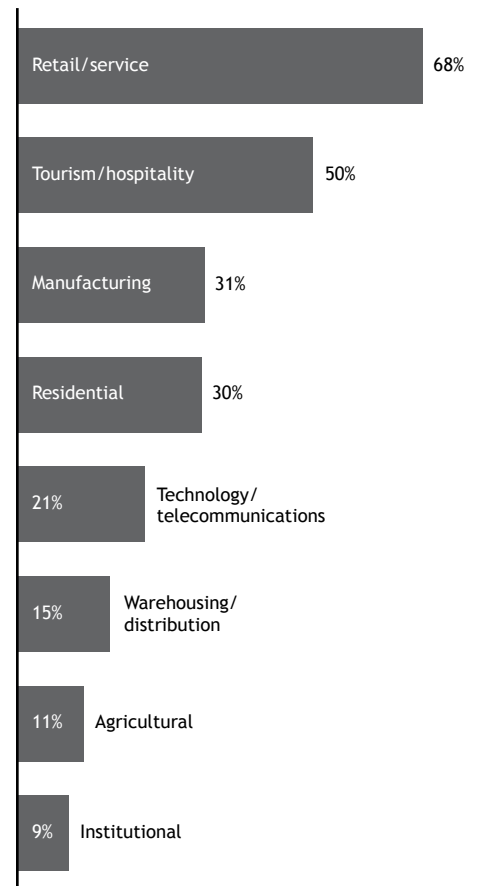
The focus of city economic development efforts

Just as every city is different, so is the focus of economic development activities. Cities work on retaining and recruiting businesses that reflect local character and needs—for example they may encourage tourism, retail or technology. This variety helps make the state’s economy diverse and better able to compete in a constantly changing marketplace.

Sixty-eight percent of cities responding to the survey indicated recruitment of retail and services is a focus of economic development efforts. The next most frequent responses were tourism (50 percent) and manufacturing (31 percent).

Some variation exists among groups of cities and what kind of economic development takes place. Although tourism is a popular choice for many cities, more non-metro than metro cities concentrate their efforts in this area. On the other hand, more cities in metro areas are likely to focus on manufacturing and technology and telecommunications.

Percentage of city officials’ responses showing the focus of economic development efforts



“What does successful economic development look like? The lights are still on. We have sidewalks and a main street. Our city can provide things for citizens and they don’t have to leave to get them.”

~Craig George, Councilmember, City of Dayton

Bremerton's Harborside District

Bremerton's waterfront revitalization rapidly changed the city's face, transforming its downtown district into a thriving, vibrant urban community. Leadership and commitment to the revitalization came largely from city hall, supported by public funding and private partnerships.

Everything is changing, quickly and dramatically. For the first time in over 25 years, in 2007 three major new housing developments will be built within the Bremerton city limits. As of today, over 3,600 new residential lots and homes are planned to be built in the city over the next five years. Infusion of new dollars will be spent in the district to improve public safety, pave streets and upgrade the park system.

Results

- \$50 million convention center, with office and retail space, and a hotel.
- Norm Dicks Government Center, a 120,000 sq foot, \$25 million facility for the city and other government agencies.
- World class fountains, exciting restaurants and new offices replaced tired storefronts and vacant lots
- Construction of a \$4.5 million waterfront park and Naval museum.

"Our ability to improve our service delivery system will be directly tied to our economic growth in future years. Our future appears bright if we make smart decisions." Mayor Cary Bozeman, City of Bremerton

Nurturing a sense of community

Many cities are using downtown development to proactively shape their communities. Sometimes the downtown is older and needs revitalization. In suburban or newer communities, forming a downtown can build community identity.

Sixty-six percent of survey respondents said downtown revitalization was part of their economic development strategy. City officials in focus groups also frequently referred to the value of downtown revitalization efforts, such as façade improvement grants or designating a downtown core and taking steps to develop the area.

Programs supporting downtown revitalization were identified as an important part of the city economic development toolkit. Focus group participants highlighted the multi-family property tax exemption as a significant tool.

Twenty-one percent of cities responding to the survey said they use the Main Street Program. This program addresses the complex issues facing older, traditional commercial districts. The approach provides a framework that puts attributes, such as unique architecture and locally-owned businesses, to work as a catalyst for economic growth and community pride.

Partnerships

Forming successful partnerships is one way cities can achieve significant economic development results while expending fewer resources. Cities large and small know that the impact of their efforts can be magnified by partnering.

City economic development partnerships come in all shapes and sizes, with different missions and goals. City partnerships can be a consortium of municipalities, or between a city and nonprofit organizations or with private entities. They can a regional effort to drive tourism or recruit businesses belonging to a specific cluster (e.g. biotech) to a community.

The local chamber of commerce is a key player in economic development. When cities were asked which partners and entities participate in developing and implementing their economic development strategy, 78 percent indicated the chamber. This number was substantially larger than the next most identified partnership, with counties (45 percent).

Municipal partnership: eCityGovAlliance

The eCityGov Alliance is an inter-local collaboration of cities and other local government agencies in the Puget Sound region that provides cross-boundary web service portals for citizens and businesses. Since many businesses and individuals regularly do business with multiple local governments, the Alliance's web service portal spans jurisdictions to provide consistent, high-value services. Alliance objectives include:

- Providing convenient service and information for residents, businesses and visitors;
- Supplying consistent service that is simple to use and eliminates complexity; and
- Saving taxpayers money by working together on joint solutions.

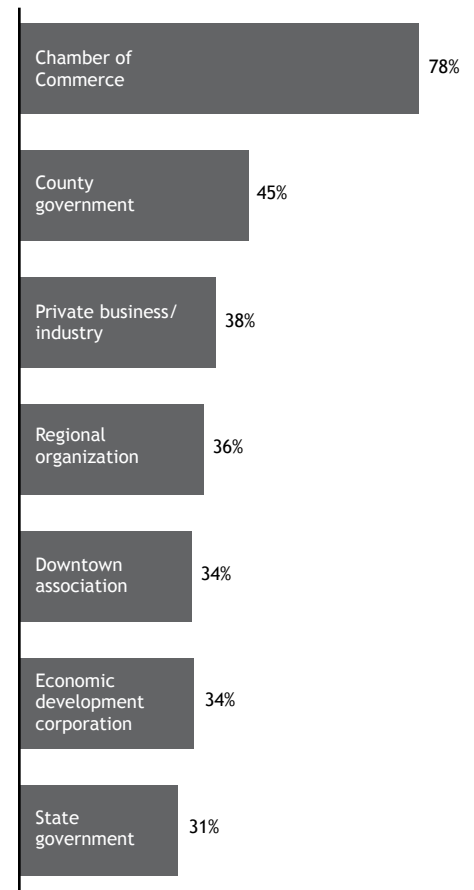
Alliance member costs are shared proportionally and members retain full local policy authority and identity.

Alliance services include:

- MyBuildingPermit.com
- NWMaps.net
- MyParksAndRecreation.com
- NWProperty.net

The Alliance is growing through the addition of new members, enhancements to existing services and potential new services. MyBuildingPermit.com recently added service to three new cities, and NWProperty.net is adding a significant number of agencies in Snohomish and King County.

Percentage of survey respondents indicating which partners they use to implement economic development strategies



First and foremost, eCityGov Alliance services are intended to benefit our member's citizens and businesses. But the shared service model also benefits Alliance members through lower costs and faster implementations.

~John Backman, Executive Director, eCityGov Alliance

Forks: A Wired Community

Forks is a national leader in using high-speed telecommunications to build a connected community. This remote rural city uses its digital technology to create opportunities for existing businesses and recruit others.

The city is the site of the nation's first rural virtual high school, and the local hospital and school district use teleconferencing to exchange resources and connect with peers across the nation.

By working with WSU's Center to Bridge the Digital Divide, Forks developed its telecommunications resources to create an information-based economy. Success stories include:

- A DSHS customer service call center in Forks that creates a convenient local connection for a large Spanish-speaking population.
- An over-the-phone language interpreter for a major international enterprise, working out of Forks while serving clients worldwide.
- The city's renovation of a fully-wired business and technology center for expanding and new businesses.

Public-private partnership: Mint Farm Industrial Park, Longview, WA

The City of Longview's Mint Farm Industrial Park is an example of a successful public-private partnership. The partnership between the city and Weyerhaeuser Corporation began over ten years ago when Weyerhaeuser sold 125 acres to the city, which the city used to develop an industrial park.

Since beginning the partnership, Longview and the Weyerhaeuser Real Estate Development Company invested more than \$15 million in the project. Scott Dahlquist, vice president of the Weyerhaeuser Real Estate Development Company, said, "Over the past ten years, primarily leveraging the city's vision and persistence, the city and Weyerhaeuser have cooperated to develop a world-class industrial park and pave the way for more jobs and investment in the Longview community."

With the projects that are complete or under construction, the Mint Farm is projected to create approximately 650 to 700 jobs for laborers, millwrights, maintenance personnel, and technical and administrative professions.

Regional partnership: Wine Country Road Project

In the mid 1990s, the City of Prosser identified improvements to the Wine Country Road off Interstate 82 in their transportation plan. The transportation improvements not only had the potential to benefit the city but many regional stakeholders as well.

Funds committed upfront by public and private sources demonstrated the community's support. Businesses such as car dealerships, juice companies, agricultural businesses, and wineries were important partners and beneficiaries. The regional transportation planning organization, representing Prosser and the Benton Franklin Council of Governments, was awarded more than \$400,000 in seed money for the project. These demonstrations of support showed regional cooperation and commitment that made it easier to complete the \$15 million project.

The project was completed in 2005 and consists of improvements that simultaneously benefit the burgeoning wine industry, tourism and hospitality, as well as freight mobility interests.

State-local partnership: One Stop Environmental Permits

To make doing business easier in Washington State, the Association of Washington Cities and Washington State Association of Counties partnered with the Office of Regulatory Assistance, Department of Fish and Wildlife, Department of Ecology, City of Vancouver and Clark County on a project to improve the speed and environmental outcomes for permitting processes. The partnership offers a unified approach to biological analysis by connecting shoreline, conservation district and watershed plans. This permitting model is working to substantially narrow the time necessary for city, county, state and federal permit review projects.

The one stop project aids economic development by creating an easy-to-use portal where all pertinent information can be accessed. The web tool allows users to identify and evaluate mitigation options and use an e-permitting service to obtain necessary permits.

Most importantly, the one stop project reduces the uncertainty and delays in the permit process for transportation and other development projects. It aids the environment by implementing salmon, watershed and critical areas plans as an integrated aspect of the performance-based permit process. And it improves the credibility of the permit process by making it more predictable, transparent and focused on results.

City Barriers to Economic Development

City Barriers to Economic Development

Despite city efforts to promote economic development in their communities, they still face significant barriers. City officials' responses to the survey and in focus group discussions identified a wide range of barriers, from costs to location to the regulatory environment.

There are five major barriers to economic development, relating primarily to a city's ability to provide goods and services, and a high quality of life for residents and businesses. These barriers include:

- Inadequate infrastructure to accommodate growth and development;
- A lack of revenue options and taxing flexibility;
- Difficulty recruiting and retaining major employers;
- A need for increased economic development technical assistance; and
- A limited supply of housing, including affordable housing.

The foundation for economic development lies in a strong infrastructure

Core infrastructure systems, such as transportation, sewer, water and stormwater, are imperative for a city to run smoothly. City investments in infrastructure are a signal to businesses that the community is healthy and open to growth. Ninety-four percent of cities responding to the survey indicated that they use infrastructure investments to promote economic development and 57 percent of cities responded they use infrastructure improvements as an incentive for prospective businesses.

Despite significant investments in infrastructure, many cities still face challenges in maintaining or expanding their systems. These challenges fall into three broad categories:

- Local revenue-raising capacity and financing options are often inadequate and federal and state assistance is limited;
- Many systems are aging or at capacity, and regular upkeep is expensive; and
- Federal and state mandates require that some systems be retrofitted or replaced to comply with regulations.

Aging systems and keeping up with growth

Sustainable infrastructure is a corner stone of the Growth Management Act (GMA). *Yet 49 percent of cities responded to the survey that inadequate infrastructure is a barrier to their city's economic development.*

Since the nature of infrastructure is the interconnection of different parts, one failing system within the whole can become a serious impediment to a city's economic development success. As one city official said, "Without sewers we can't do anything."

Along with education, infrastructure investments are among the largest, most important direct investments that the state makes in promoting economic growth.

-The Next Washington: Growing jobs and income in a global economy

“In our case, we are able to handle the effluent that we currently have. But if a development came forward—even 15 houses—we’d have to take a look at our capacity to see if we are capable of handling the additional flow.”

-Craig Ulleland, Mayor, City of Ritzville

Sewer and Water

In most cities, infrastructure systems such as sewer and water are enterprise activities and rates are used to pay for operations as well as system upgrades. However, sometimes the costs of building or retrofitting systems exceed a city’s fiscal capacity, making them dependent upon grants and loans to assist with the project.

Thirty-two percent of cities responding to the survey indicated that the lack of sewer capacity or the need for system improvements is a barrier to economic development. Twenty-two percent of city representatives said that water availability and/or quality is a barrier to economic development. These barriers were also indicated in focus groups and other AWC forums.

City officials are especially vocal about the need to secure additional water rights from the state. Cities have found partial solutions to this challenge. Some cities purchase water from neighboring cities. Others have bought farms to acquire additional water rights. The City of Chelan passed an ordinance that requires all new annexations and developments of more than one residence to have their own water right. The city also began purchasing water rights and will resell them to developers at market prices.

Unfunded mandates can hinder economic development

Survey responses and focus group discussions both indicated that federal and state mandates can be a barrier to city economic development. This was noted by 57 percent of survey respondents and was supported by focus group discussions.

Federal and state mandates discussed in focus groups often related to environmental regulations. Although city representatives are not necessarily opposed to the principles of the regulations, they voice concern about the lack of funding to accompany required system upgrades or mitigation, as well as a lack of technical assistance from regulatory agencies.

Stormwater

Thirty percent of cities responding to the survey indicated that improvement or expansion of their stormwater system is a barrier to economic development. One issue that surfaced in focus group discussions and other AWC forums is the Department of Ecology’s (DOE) management of stormwater under the Federal Clean Water Act.

In 1987, the federal government modified the Clean Water Act by declaring the discharge of stormwater from certain industries and municipalities to be a point source of pollution requiring National Pollutant Discharge Elimination System (NPDES) permits or water quality discharge permits. The Environmental Protection Agency stormwater regulations established two phases for the stormwater permit program.¹⁰

The DOE’s Phase II NPDES permit is costly, contentious, and contains requirements and conditions that exceed the Federal Clean Water Act requirements. The permit is required of urbanized areas and cities with a population of 1,000 people per square mile, affecting close to 100 cities and a number of counties across the state. The permit was issued January 17, 2007, requiring jurisdictions to make costly improvements and to be held accountable for programs that manage local stormwater run-off.

While impacted cities strongly support most of what is required by the permit and understand they play a significant role in improving community water quality, this unfunded mandate may negatively impact cities. Some cities are concerned that requirements could discourage downtown redevelopment. Local monitoring costs and administrative costs are also expected to increase.

Infrastructure funding options are often inadequate or oversubscribed

State and federal programs that provide infrastructure and economic development support are of significant importance to cities. When asked which tools cities use to promote economic development, city responses ranged from grants and low-interest loans, to local revenue options, and special project funds.

The largest percentage of cities reported using the Community Development Block Grant (CDBG) and the Public Works Trust Fund (PWTF) low-interest loans, 61 percent and 58 percent respectively. The Community Economic Revitalization Board (CERB) grants and loans and other state programs were also listed as useful tools.

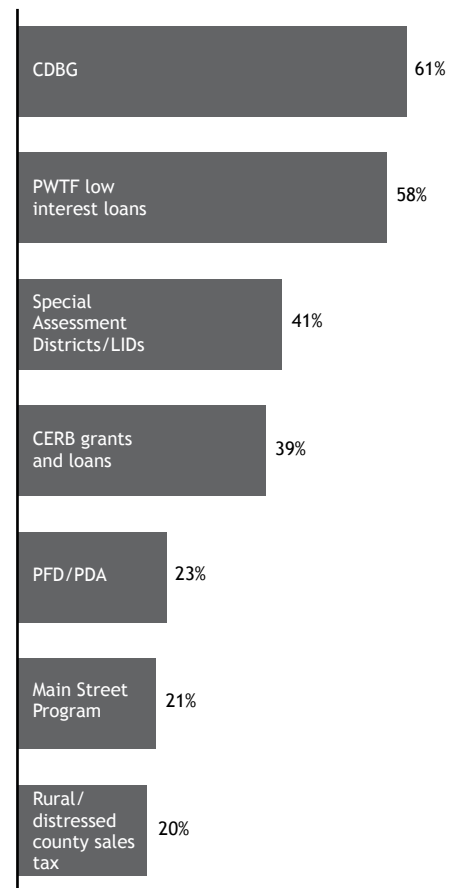
Local revenue options sometimes are used to support infrastructure projects, but cities are diverse and these options are not always effective. Some cities don’t have the tax or population base to make imposing a local option worthwhile. Cities near the state border must compete with other state’s tax structures. And in some smaller communities, cities must be careful of how many taxes they impose before it becomes too large of a burden for residents.

¹⁰ Phase I permits have already been issued for municipalities with a population of more than 100,000 and other larger jurisdictions.

“We’re caught in the GMA circle. We’re required to accommodate growth. But without water, we just can’t do it.”

~Jerry Litt, Community Development Director, City of Lacey

Percentage of city officials identifying which tools are used to promote economic development in their community



The biggest problem is infrastructure funding. It's just getting so expensive. I don't know anyone who can stay ahead of the curve.

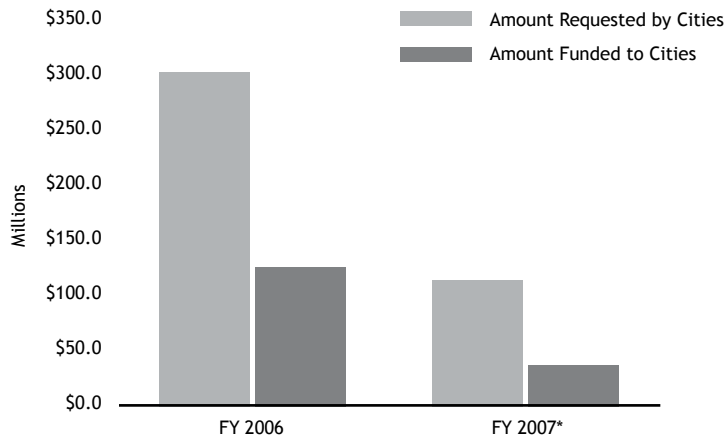
-Randy Lewis, City Administrator, City of Westport

Critical funding sources are oversubscribed

Core Infrastructure

Created by the Legislature in 1985, the PWTF provides low-interest loans to help local governments maintain essential public works. But in 2007, only 35 percent of the funds requested by cities, and 30 percent of the funds requested by all applicants will be granted.¹¹

The PWTF is an important tool for city economic development, but it is oversubscribed



*2007 grants will be presented to the Legislature for approval. Totals reflect diversions of the PWTF for other grant purposes.

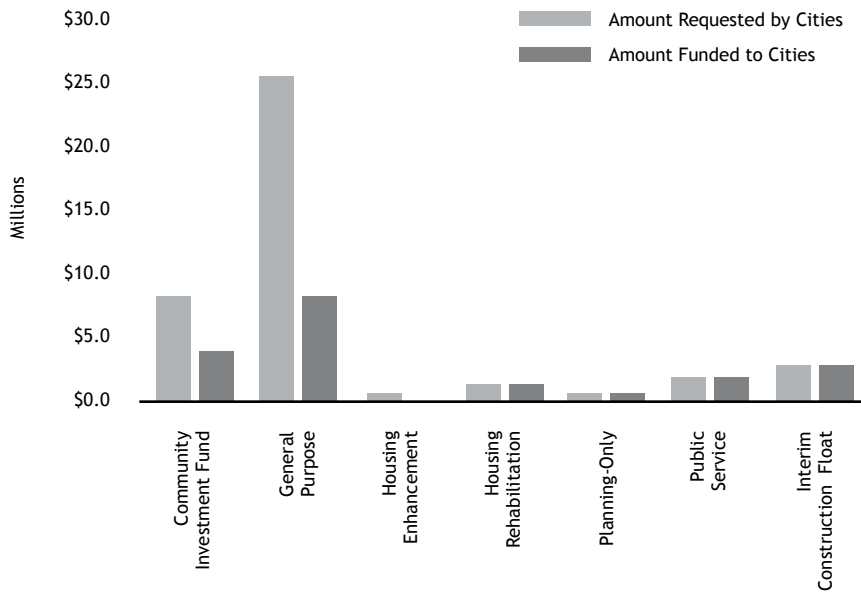
*2007 grants will be presented to the Legislature for approval. Totals reflect diversions of the PWTF for other grant purposes.

The CDBG program is also under-funded. In 2006, only 45 percent of funds requested by non-entitlement cities were awarded.¹² Cities received funding from seven CDBG categories in 2006. The most money was both requested and granted in the area of General Purpose. These grants fund community and economic development projects that primarily benefit low- and moderate-income persons.

¹¹Grants will be presented to the legislature for approval in 2007.

¹²Data is for cities only and does not include entitlement cities that receive direct CDBG grants for similar purposes.

The CDBG is also oversubscribed (FY 2007)



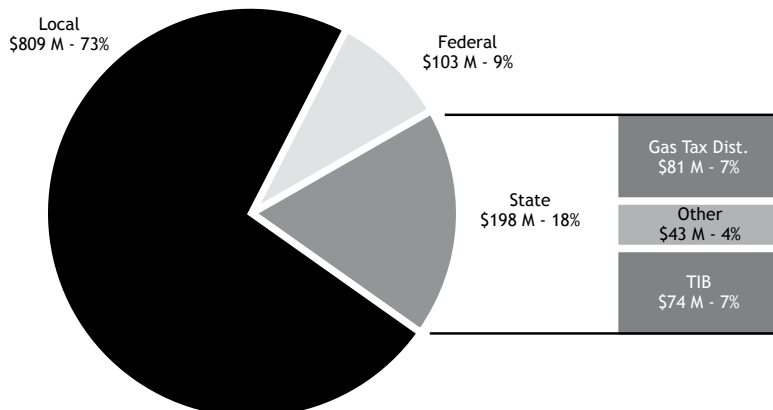
Graph excludes direct grants to cities.

Transportation

Our transportation system is vital to the state’s economic health. When the traveling public or freight haulers cannot rely on reasonable mobility to reach employment and distribution centers or ports, it affects productivity and personal well being.

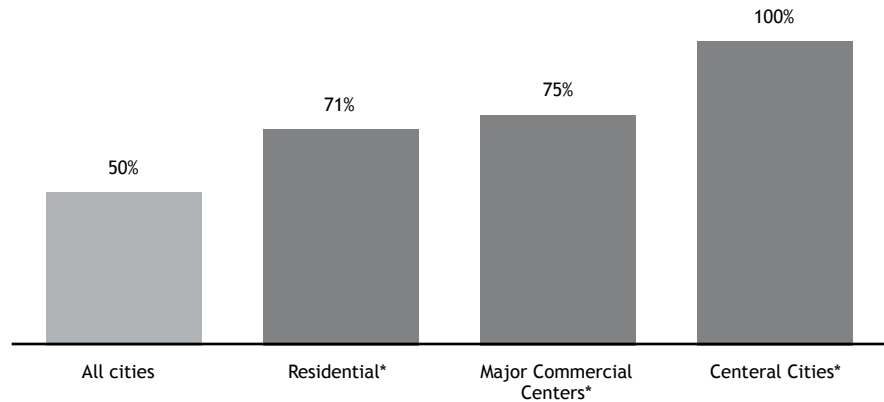
Absent an adequate source of funding, transportation projects are often pieced together through a combination of grants, loans, local taxes, bond proceeds and fees. Cities’ rely on general fund revenues for 73 percent of street funding. Remaining funds come from a patchwork of state and federal sources. Cities’ 2004 to 2009 Six Year Transportation Improvement Plans and the Washington State Department of Transportation Road and Street Report reveal that cities need an additional \$3.4 billion to fund transportation capital needs.

Almost three-quarters of a city’s street project funding comes from the general fund: Total city transportation revenues, \$1.1 billion (FY 2005)



When cities were asked which infrastructure improvement or expansion needs are barriers to economic development, 50 percent of responding cities indicated streets. This was identified mostly by metro cities—the state’s economic engines that support a network of thoroughfares for freight mobility and other business activities.

Expansion or improvement of streets is a barrier to economic development for many cities, particularly those in metro areas



*City officials, by cluster, responding that the improvement or expansion of city streets is a barrier.

Give us local options. We need local revenue for matching funds, but we can’t take power into our own hands because each revenue source is earmarked for specific uses.

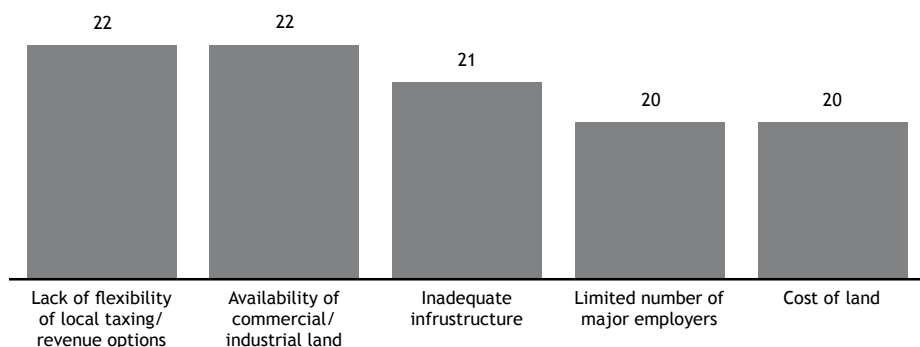
~ Michael Morales, Community and Economic Development Deputy Director, City of Yakima

Since nearly 30 percent of a city’s total transportation costs are from federal and state grants, these funds are critical to cities. Grants come primarily from the Transportation Improvement Board (TIB), the Washington State Department of Transportation-Highways and Local Programs Division, and the Freight Mobility Strategic Investment Board. However, all are oversubscribed. For example, the TIB typically awards only \$1 for every \$8 to \$10 requested.

Lack of flexibility of local taxing and revenue options

City officials acknowledged that some revenue streams are earmarked for specific purposes, limiting local authority to fund the basic services the community considers important. *When city representatives were asked to rank top barriers, lack of flexible taxing and revenue options was identified as the top barrier* (tying with availability of commercial/ industrial land).

Top five barriers to economic development

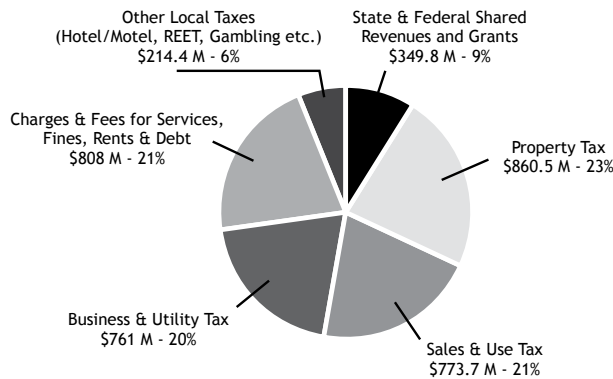


Number of city representatives indicating their top barrier to economic development.

Funding for city operations is derived from four primary sources: property tax (23 percent), sales tax (21 percent), business and utility tax (20 percent), and charges and fees for services, fines, rents, and debt (21 percent).¹³

Within the operating budget, certain revenues are restricted by statute for specific purposes. These revenues include the gas tax, impact fees, hotel/motel taxes and real estate excise taxes. Remaining general purpose unrestricted revenues include property, sales, utility and business taxes. While these are not restricted revenues, the rates at which they may be imposed are limited.

**City operating budget revenue sources
General and special funds
(FY 2005)**



A number of tax limitations passed in the past decade place greater pressures on city operating budgets. Initiative 695, which was declared unconstitutional but enacted by the Legislature, repealed the motor vehicle excise tax (MVET) in 1999, causing cities to lose more than \$100 million per year. Initiative 747 passed in 2001, placed a one percent growth limit on property tax revenues (other than on new construction or improvements) or the equivalent of the implicit price deflator (IPD), whichever is less. The impact of I-747 on cities is estimated to be \$136.6 million in 2007.¹⁴

An economic development focus on diversification

As a result of the lack of flexible taxing and revenue options, many cities focus a portion of their economic development efforts on retail activities. For larger and more urban cities, the focus on retail and services is driven by a dependence on sales tax revenue or the desire to increase and diversify revenue sources. For smaller and more rural communities, the focus on retail and services is driven by a need to diversify the tax base as well as a desire to maintain and enhance services for residents.

With the reduction in state-shared revenues based on the passage of I-695 and subsequent legislative action, communities like Palouse must work even harder to promote economic development to become more financially stable and less dependent on state revenues.

~Michael Echanove, Mayor, City of Palouse

¹³State Auditor's Local Government Finance Reporting System (includes 2005 general and special funds, restricted and unrestricted revenue)

¹⁴Office of Financial Management, 2001

Revenue source	Current restrictions include...	What can be done...
Three-tenths percent voter-approved sales tax	One-third of this voter-approved sales tax revenue is mandated to be spent on criminal justice programs and new money cannot supplant funds. The tax must be submitted to the voters by the county.	Eliminating the non-supplanting language will allow cities to allocate funds where they are needed most and restore funds previously diverted from other city departments. Cities should also be able to levy the tax independently of the county.
Hotel/Motel tax	Hotel/motel tax revenues are limited to tourism-related facilities in which municipalities have an ownership interest and the marketing of special events and festivals. Revenues cannot provide advanced payments to private organizations for tourism-related services.	Granting authority for cities to use hotel/motel tax revenue for a wider range of tourism-related purposes and to support events, festivals and organizations the city does not own will provide more economic development opportunities.
Real estate excise tax (REET)	The second quarter of the REET is restricted to a narrower list of projects than the first quarter.	Allowing cities to use the second quarter REET for a broader range of projects will help fund local projects and promote economic development.
Multi-family property tax exemption	This exemption is limited to cities with a population greater than 30,000 and the largest cities in GMA planning counties.	Expanding the authority to use this exemption to all cities will help promote economic development, especially in downtown revitalization projects, and provide additional housing units.
Levy lid lift	Levy lid lifts do not allow cities to supplant funds.	Eliminating the non-supplanting funds mandate will allow cities to direct funds to areas where they are needed most.

During a focus group discussion of city representatives from medium to large metro area cities with high commercial activity, the emphasis on retail was discussed. "We need to find a way to deal with the fact that the funding structure we have for local government is dependent on the sales tax," said one city representative. Participants expressed a desire for fewer restrictions on revenues and more funds flowing to the general fund, to be allocated by the council for matching grants, public safety, and streets, among other things.

Recruiting, retaining major employers

Seventy-three percent of cities identified the limited number of major employers to be a barrier to economic development. In focus groups, this was particularly voiced by non-metro and small metro area city representatives.

City representatives in focus group discussions spoke of large employers as the key to attracting additional businesses to the community, similar to an anchor tenant in a shopping center. It was noted that when a major employer settles in an area, other businesses and services thrive from the business generated by that company and its employees. In a rural or small community one large employer can also help to put that town on the map and attract more employers.

City representatives from smaller communities also voiced concern about the loss of population and particularly the limited options for younger people to find local employment. One elected official said, “We export the most important things we have—our kids. We need those people to remain in our cities and economic development is how we accomplish that.”

The Community Economic Revitalization Board (CERB) offers programs to help cities promote and foster new job growth and retention. Historically, CERB programs supported business and industrial job growth in partnership primarily with rural communities. This includes low-interest loans and some grants to cities to help finance public facility projects needed for private sector expansion and job creation. As a result of the 2005 and 2006 legislative sessions, CERB now has the expanded responsibility of implementing the Job Development Fund (JDF) and the Local Infrastructure Financing Tool (LIFT).

However, CERB’s traditional and rural construction programs are limited and there is no dedicated revenue source. In 2006, only 12 of 64 applications to the JDF were accepted (eight of which were cities). The newly-created LIFT program is limited to \$5 million statewide, and only allows one accepted proposal per county.

A need for technical expertise

Without good information cities are at a disadvantage in developing their economy. *This was a common theme during focus group discussions when cities identified a lack of technical expertise and qualified staff as barriers to economic development.* This finding was also supported by survey results.

Although cities of all sizes noted that lack of skilled city staff can be a barrier to economic development, this was primarily articulated by smaller

Colville Retains Major Employers

Colville’s economic development effort combined a major business retention program with a \$14.1 million multi-phase transportation plan. The city developed a 26-acre industrial park that allowed existing community businesses to stay and expand rather than relocate.

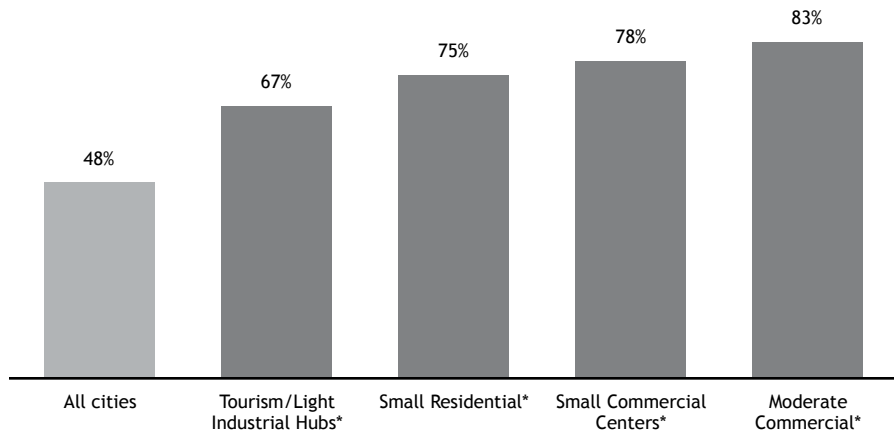
Work is still underway in completing a major arterial street that borders the downtown district, relieving the main highway from the bulk of industrial traffic.

The city’s retention program led to significant success, including:

- Retention of over 500 jobs with three major employers.
- Partnership with the Tri-County Economic Development District, expanding limited city resources.
- Annexation and extension of utilities that allowed a major company to retain its facilities and grow 33 more jobs, with money from CERB, CDBG, .08 county funding, city funding and private funds.

Continued access to sufficient funding tools and resources is critical to creating successful economic development in smaller communities like Colville.

Lack of skilled city economic development staff is a barrier to economic development for many cities, particularly smaller cities



**Percentage of city officials, by cluster, responding that lack of skilled city economic development staff is a barrier.*

The costs of building materials are increasing so much that city projects are being priced out of the market. One developer planning to construct an affordable housing project in Renton has seen his projected costs increase to the point that the project is no longer viable.

-Jay Covington, City Administrative Officer, City of Renton

and non-metro cities. When responding to the survey, 48 percent of cities noted that a lack of skilled city economic development staff is a barrier to economic development and 37 percent said access to technical expertise is a barrier. For smaller communities, the lack of staff resources in general can be a problem when trying to focus on economic development. Negotiating regulatory red tape can also be a burden.

The state currently provides some technical assistance in a variety of forms. The Employment Security Department provides labor market information, employment services, and training. The Department of Community Trade and Economic Development offers workshops and in-field support. Expanding these programs could help cities strengthen their economic development strategies.

Housing for residents and employees

When Washington state residents, city officials and state representatives speak about a high quality of life, adequate and quality housing is often referenced as a key factor. *In focus group discussions, city representatives from around the state identified the lack of a sufficient supply of housing as a barrier to economic development.*

Thirty-two percent of cities responding to the survey considered the high cost of residential housing a barrier to economic development. Large and small cities in metro and non-metro areas identified this barrier.

An increase in the demand for housing coupled with the rising cost of materials adds to the increase in housing prices. In metro areas, housing affordability is an ongoing issue; many non-metro area cities only recently experienced cost increases. A city representative from the Puget Sound region said much of the new housing in her city is too expensive for people

in the high-tech workforce. One city manager from a rural commercial center city said housing prices in his community are fine for those who have moved from other cities in search of more affordable homes, but the market is becoming too expensive for the local workforce.

To overcome this barrier cities are working to increase the housing supply. Some cities have changed zoning and building codes or worked regionally to address this issue.

Some cities also use the multi-family property tax exemption to address shortages in urban centers. Increased housing in the city core aligns with GMA goals for greater density where people can easily use public transportation, patronize downtown businesses and free-up larger homes for other households. However, the multi-family property tax exemption is limited to cities with a population greater than 30,000 and the largest cities in GMA planning counties.

If we want to grow businesses, we need affordable housing for employees.

~ John Sherman, City Supervisor, City of Pullman

Recommendations for City and State Action

Recommendations for City and State Action

Washington's cities and towns throughout the state have shown significant success in their ability to support economic development. They demonstrate progress in ensuring the state's continued prosperity through strategic infrastructure investments, coordination with new businesses, and downtown revitalization efforts.

Cities have added economic development departments and staff members responsible for stewarding their local economy and developments in a way that reflects the community's priorities. Streamlined permitting processes and business license services improve operations and interactions with customers. Partnerships between cities, other municipalities, the private sector and the state are proving successful in addressing local and regional economic development goals.

In spite of these successes, economic development barriers remain. Evidence suggests that additional work is needed to turn current city roadblocks into opportunities with promise. Strengthening the partnership between cities and the state is important.

The following recommendations for city and state action will ensure that cities have the tools they need to support economic prosperity and achieve the state's wider-reaching goals.

Recommended city actions

1. Continue to create and implement economic development plans.

As this report demonstrates, many cities have invested more time and resources in economic development in recent years. Twenty-four economic development departments were created since 2000 and 39 percent of cities have an economic development plan. These planning efforts are a step in the right direction. Cities should continue to plan and build an economic development strategy that reflects the character of their communities. A well thought-out, long-term plan will help cities take advantage of positive opportunities and successfully confront unforeseen struggles when they occur.

2. Expand streamlined services.

More than half of all cities responding to the survey (54 percent) indicate they have streamlined business licensing and 70 percent indicate their permitting process is streamlined. Cities can continue to improve upon these systems. For cities that have available technology,

Richland's Tri-Cities Research Campus

Since the inception of the Pacific Northwest National Laboratory (PNNL) in 1965, the Tri-Cities community has leveraged the lab's research capability to foster public-private job creation.

Infrastructure was developed that exceeded current demand, allowing for fits of rapid growth in the technology field. Investments were made in cutting edge communications technology. In 1990, the community created the Tri-Cities Science and Technology Park to oversee infrastructure development.

The community's vision and determination to build a post-Hanford economy are paying off. The large infrastructure investments are now reaping even larger regional dividends, including:

- Expansion of Washington State University-Tri-Cities into a four-year university.
- Creation of three new buildings on the PNNL campus.
- Construction of a new Dept Energy Physical Sciences facility.
- Groundbreaking for the new Bio-Products, Sciences and Engineering Lab, a Washington State-PNNL venture.
- Completion of the Tri-Cities Research District Land-Use and Marketing plan.

The Tri-Cities' public and private vision includes:

- Creating an innovation zone.
- Expanding the definition of infrastructure to include people.
- Relying on local assets instead of the federal government.
- Building a stable economy that combines private investment with world-class research and education.

Vancouver's Business Friendly Approach

In Vancouver, "Open for Business" is a can-do attitude and core value. By removing bureaucratic roadblocks and adopting a multi-pronged approach to making the city more attractive to business, Vancouver accelerated its economic development program for a 30-block area that surrounds Esther Short Park, the Northwest's oldest public square park.

The city's plan includes:

Streamlined permitting

- Developed a 90-day permitting process that is fast, cost-effective and predictable.
- Reviewed full civil plans concurrently with land use applications at no additional fee.

Downtown development

- Provided developers with certainty regarding neighborhood uses.
- Helped city staff meet or exceed private sector timelines for every project in a 30-block target area.

Ongoing business visits by city leaders

- Visit local businesses and listen to their concerns.
- Bring suggestions back to city hall and try to incorporate them into policy.

Results:

- Since 2003, 68 businesses used the streamlined permitting process, resulting in a savings of three-four months of review time.
- Over \$300 million private dollars invested in downtown since 1997.
- Four major mixed use projects constructed.
- 225-room Hilton and convention center constructed, publicly-owned.
- Two high profile companies decided to stay in Vancouver because of the city visits. 1,100 jobs retained.

more information, applications and processes can be made accessible on the Internet and managed electronically, giving businesses and residents 24-hour access.

3. Form strategic partnerships to achieve economic development goals and objectives.

Cities have shown that by working in partnership with other municipalities, the state, nonprofit organizations and businesses, success can be realized. Data presented in this report show that cities form partnerships to promote many aspects of their economic development strategy. These partnerships lead to road improvements, high speed telecommunication connectivity in rural areas, and success with business recruitment and retention. Partnerships are an important part of a city's economic development plan and can be nurtured to provide greater dividends down the road.

Recommended state actions

1. Expand economic development financing options.

In 2006, the state Legislature passed and the Governor signed E2SHB 2673, commonly known as the local infrastructure financing tool (LIFT). This legislation provides an important tool for cities to develop local infrastructure for community and economic development purposes. Currently the legislation allows for a credit against the state sales and use tax with an annual statewide limit of \$5 million.

City officials' responses to the survey and in focus groups overwhelmingly supported the expansion of LIFT or a similar form of tax increment financing. Cities have also identified the expansion of LIFT as a top legislative priority.

Recommended modifications to LIFT legislation include:

- Increase funding;
- Repeal the one per county restriction;
- Allow more projects per biennium; and
- Make other needed corrections to the existing authority.

In order for the state to be successful, so must its cities. Expanding LIFT will give cities a necessary tool to meet businesses at the table when beneficial opportunities arise, bringing more good jobs to our state and making our economy stronger.

2. Allocate additional funds to state infrastructure programs.

State infrastructure grant and loan programs are under-funded. The need for cities to improve their infrastructure and expand capacity is real. Large and small jurisdictions identify infrastructure funding as an economic indicator to businesses that the public is willing to invest in the community.

Examples of ways the state can increase assistance to cities includes:

- Increase LIFT funding (discussed in recommended state action #1);
- Provide permanent funding for Community Economic Revitalization Board and Job Development Fund programs; and
- Protect the Public Works Trust Fund. This fund provides vital funds for core infrastructure projects. Redirection of funds does not expand infrastructure funding.

As the state's infrastructure programs are evaluated over the coming year, cities must be a partner in helping to identify what infrastructure funding modifications are needed. Proper funding and the establishment of dedicated revenue sources for important programs will ensure cities have the tools to support an economically prosperous Washington.

3. Increase fiscal flexibility.

Cities continue to express a need for additional flexibility with existing revenue sources. Eliminating restrictions that earmark revenues for specific purposes can help cities fund critical services, match grants, and better support economic development in their community.

Examples of ways revenue sources should be more flexible include:

- Eliminating non-supplanting language for the three-tenths percent voter-approved local option sales tax;
- Expanding the list of projects that the real estate excise tax can fund;
- Allowing city councils to impose the first \$20 of the voter approved \$100 motor vehicle fee;
- Loosening the restrictions on the hotel/motel tax; and
- Eliminating restrictions on property tax lid lifts.

Enacting these modifications will allow cities to make smart economic development investments that align with the community's vision.

LIFT is a much-needed economic development tool that will help move America's Vancouver forward and keep our community open for business.

*-Royce E. Pollard
Mayor, City of Vancouver*

“If the state wants to support our ability to provide basic services and enhance our quality of life, we need greater access to substantive economic development tools that are flexible and administered locally.”

-Eric Faison, Council Member, City of Federal Way

4. Provide assistance to comply with federal and state mandates.

City officials identified federal and state mandates as a barrier to economic development in their communities. These mandates are particularly troublesome when policies restrict economic development and financial assistance is not available to aid cities with compliance. For example, the Department of Ecology’s Phase II municipal stormwater permit exceeds federal minimum standards under the Clean Water Act and will require additional mitigation on behalf of developers and cities.

5. Assist cities in addressing housing shortages.

The lack of an adequate supply of housing creates a myriad of issues, including a lack of affordable housing. The Governor’s task force on housing affordability is a welcome sign that this issue is important to the state. Cities need help identifying ways to overcome this significant barrier and in providing a better quality of life for residents. Expanding property tax exemptions for multi-family residences, which is currently limited to cities with a population of more than 30,000, is one way to give cities the tools they need.

6. Increase economic development technical assistance for cities and towns.

Cities of all sizes, but particularly small and rural cities, indicate increased technical assistance from the state can aid their economic development efforts. The state is encouraged to continue its support for and augment existing programs in this area. For example, state assistance in targeting key infrastructure investments and marketing partnerships can help cities better promote economic development in their communities.

Conclusion

Conclusion

Washington's cities and towns are vital to the state's economic prosperity. Cities are the hub for innovation. They are where businesses are located and people gather. City services, from street repair to park maintenance, are the essential quality of life ingredients that allow communities to run smoothly, businesses to prosper, and residents to enjoy their surroundings.

Cities have demonstrated many successes in their economic development pursuits. They have streamlined permitting and licensing processes, partnered with the private sector, nonprofits and other municipalities, and formed strategic goals to achieve greater economic prosperity. The results of these efforts are visible in vibrant downtowns, good jobs and better services for residents.

However, steps must be taken to ensure long-term economic results. Cities will continue to develop and implement economic development plans that reflect the needs of their community. Yet the state-city partnership must be enhanced. The findings and recommendations discussed in this report begin the conversation about how the state and cities can collaborate in coming years. This partnership will build a long-lasting foundation that will secure Washington's economic prosperity well into the 21st century.

Appendix

Appendix A: City clusters data

All of Washington's 281 cities were initially divided into two groups of cities - those located in U.S. Census-defined metro areas and non-metro areas.

The U.S. Census Bureau defines metropolitan statistical areas (MSA) as follows: A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.

A hierarchical cluster analysis was then performed on each group, using the Statistical Package for Social Sciences software. A hierarchical cluster analysis is a statistical operation that creates groups based on commonalities identified among a given set of variables for each entity. In this analysis, we used the following variables:

- Population size (2000 Census)
- Median household income (2000 Census)
- Assessed property value, per capita (Department of Revenue, 2002)
- Retail sales tax revenue, per capita (State Auditor's Office, 2002)
- Population growth, 1990 - 2000 (1990 and 2000 Census)

Together, these variables approximate the fiscal base for each group of cities. Survey results and other data have been sorted into these clusters, identifying common challenges and the kinds of resources and solutions that will help each city meet the needs of its citizens.

Appendix A1 lists all of Washington cities as they have been grouped into these clusters. Please note that these are not perfect matches; Washington's cities are far too diverse, and the data used to group them has limited powers to group them into perfectly similar categories. Outliers in each group do exist. This view of Washington cities should be used as an analytical tool only.

Appendix A1: Washington cities by cluster

(as designated for this study only)

Regional Centers	Tourism/Light Industrial Hubs	Small Residential Communities	Rural Communities	
Anacortes	Burlington	Albion	Almira	Marcus
Centralia	Cathlamet	Cashmere	Asotin	Mattawa
Ellensburg	Chelan	Castle Rock	Bridgeport	McCleary
Longview	Cle Elum	Colton	Clarkston	Metaline
Moses Lake	East Wenatchee	Cosmopolis	College Place	Nespelem
Mount Vernon	Friday Harbor	Coulee Dam	Creston	Northport
Port Angeles	Kalama	Davenport	Cusick	Oakesdale
Pullman	La Conner	Electric City	Dayton	Oakville
Walla Walla	Leavenworth	Entiat	Elmer City	Odessa
Wenatchee	Long Beach	Krupp	Endicott	Palouse
	Morton	Lind	Farmington	Pe Ell
Rural Commercial Centers	Ocean Shores	Napavine	Garfield	Pomeroy
Aberdeen	Port Townsend	North Bonneville	George	Riverside
Brewster	Sequim	Prescott	Hamilton	Rosalia
Chehalis	Stevenson	Reardan	Harrington	Royal City
Colville	Winthrop	Rock Island	Hartline	Soap Lake
Ephrata	Woodland	Roslyn	Hatton	South Bend
Goldendale		Sedro-Woolley	Hoquiam	Sprague
Grand Coulee	Moderate Commercial Cities	South Cle Elum	Ione	Starbuck
Kelso	Bingen	White Salmon	Kettle Falls	Tekoa
Metaline Falls	Chewelah		Kittitas	Vader
Okanogan	Colfax		LaCrosse	Waitsburg
Omak	Conconully		Lamont	Warden
Oroville	Concrete		Lyman	Washtucna
Othello	Coulee City		Malden	Waterville
Quincy	Elma		Mansfield	Wilbur
Ritzville	Forks			Wilson Creek
Shelton	Ilwaco			Winlock
Tonasket	Montesano			
Twisp	Mossyrock			
	Newport			
	Pateros			
	Raymond			
	Republic			
	Springdale			
	St. John			
	Toledo			
	Uniontown			
	Westport			

Urban Outskirts

Airway Heights
 Algona
 Battle Ground
 Benton City
 Buckley
 Bucoda
 Carbonado
 Cheney
 Connell
 Coupeville
 Darrington
 Deer Park
 Eatonville
 Everson
 Fairfield
 Ferndale
 Gold Bar
 Grandview
 Granger
 Granite Falls
 Harrah
 Index
 Kahlotus
 Latah
 Lynden
 Mabton
 Medical Lake
 Mesa

Millwood

Milton
 Moxee
 Naches
 Nooksack
 Orting
 Pacific
 Prosser
 Rainier
 Ridgefield
 Rockford
 Roy
 Ruston
 Selah
 South Prairie
 Spangle
 Steilacoom
 Sultan
 Tenino
 Tieton
 Toppenish
 Wapato
 Washougal
 Waverly
 Wilkeson
 Yacolt
 Zillah

Residential Communities

Bainbridge Island
 Black Diamond
 Bonney Lake
 Brier
 Camas
 Carnation
 Covington
 Des Moines
 Duvall
 Edgewood
 Edmonds
 Fircrest
 Kenmore
 La Center
 Lake Forest Park
 Lake Stevens
 Maple Valley
 Marysville
 Mill Creek
 Mountlake
 Terrace
 Mukilteo
 Newcastle
 Normandy Park
 Sammamish
 Shoreline
 University Place
 West Richland

High Income Residential

Beaux Arts
 Village
 Clyde Hill
 Hunts Point
 Medina
 Mercer Island
 Woodway
 Yarrow Point

Mixed Resource Cities

Arlington
 Bothell
 Issaquah
 Kirkland
 North Bend
 Redmond
 Snoqualmie
 Woodinville

Small Commercial Centers

Blaine
 DuPont
 Gig Harbor
 Langley
 Liberty Lake
 Port Orchard
 Poulsbo
 Skykomish
 Snohomish
 Stanwood
 Sumas
 Sumner
 Union Gap
 Yelm

Medium Retail Hubs

Bremerton
 Burien
 Enumclaw
 Kennewick
 Lacey
 Lakewood
 Monroe
 Oak Harbor
 Pasco
 Sunnyside
 Tumwater

Major Commercial Centers

Auburn
 Federal Way
 Fife
 Kent
 Lynnwood
 Olympia
 Puyallup
 Renton
 Richland
 SeaTac
 Spokane Valley
 Tukwila

Central Cities

Bellevue
 Bellingham
 Everett
 Seattle
 Spokane
 Tacoma
 Vancouver
 Yakima

Appendix A2: Definitions of Washington city and town groupings

Regional Centers

These big cities in Washington's more rural areas offer the greatest economic opportunities to their residents and neighboring communities. As they work to enhance their community's economic conditions and meet the service needs of their residents and local employers, city budgets have deteriorated. The cost of both employee benefits and liability coverage are major pressures on these cities' budgets.

Rural Commercial Centers

These cities have enough commercial activity to set them apart from most of their neighbors. Many still struggle to transition and grow their economies, and residents' income levels have grown at a very low rate over the past 15 years. They have a variety of important issues to address, from drug and alcohol abuse to the availability of affordable housing, but nearly all list the overall economic conditions of the community as top priority.

Tourism/Light Industrial Hubs

Proximity to mountains, rivers, and the ocean practically define these cities and attract tourists and various industries. Overall economic conditions, however, have deteriorated over the past five years, and all responding cities say they will have to delay capital development over the next six years to meet budget needs.

Moderate Commercial Areas

These communities have a rural, residential feel to them but with more business activity than others with those same characteristics. Economies in these areas appear to be in transition, often from industries associated with the natural environment toward small manufacturing ventures, cottage industry, recreation and tourism. The delay in capital spending to meet budget needs may make development possibilities difficult for them.

Small Residential Communities

Varying in character from quaint towns, steeped in Washington history, to small cities, these communities are shaped by the natural environment. Primary employers are retailers, but most residents travel elsewhere for their livelihood, in agriculture, timber, manufacturing and a variety of other industries.

Rural Communities

These small communities have a strong rural character, with top employers in the agriculture, forestry, fishing and hunting industries. These cities are turning to user fees as a local resources to address their difficult city budget conditions, respond to significant initiative impacts, and meet local service needs.

Urban Outskirts

Like several of the other previous groups of cities, there is a rural character to most of these communities, but their close proximity to urban centers makes them unique, particularly with their higher level of growth. Residents access jobs in the nearby urban centers, and return to their quiet homes at the end of the workday. Several of these communities had more significant impacts from initiatives.

Residential Communities

These suburban communities are prominent neighbors of the large urban centers. The fact that they provide ample economic opportunities as well as a comfortable quality of life may be the reason these cities have grown at a very rapid rate over the past 15 years. Many of these communities were also more significantly impacted by initiatives.

High Income Residential

These King County cities are all, except one, distinctly residential, with neighborhoods that include the homes of some of the state's wealthiest residents. These residents are highly educated professionals, who typically work in positions in one of the neighboring large cities. Business activity within these communities is minimal, which limits the city's resources.

Mixed Resources

These central Puget Sound communities flourished over the 90s, with professional and scientific industries among their top employers. Initiatives, however, have put significant pressures on these cities since then, with I-747 probably having the largest impact. In response, most of these cities have reduced services.

Small Commercial Centers

Most of these cities are located far enough from the nearest major freeway and/or urban centers to retain a small town feel. For a variety of reasons, they also generate a significant amount of retail activity among their residents and visitors. This group appears to have a more positive outlook than other groups of cities - possibly due to economic development successes. Traffic congestion and downtown vitality are key local conditions.

Medium Retail Hubs

Moderate retail and manufacturing activity defines most of this group, similar to the major commercial centers. Other local conditions vary quite widely among these cities, including several whose character is influenced by nearby military bases. All delayed capital spending over the past six years to meet service needs.

Major Commercial Centers

These cities are strong retail centers; large department stores, malls, vehicle dealerships are major features in these cities. The rise in the cost of employee health benefits is a significant concern for these cities. As their budget conditions deteriorated, they have used their reserves to meet local needs.

Central Cities

These are the major population centers. They are the largest and the densest, so it makes sense that traffic congestion is most often cited among their most deteriorated local conditions. Economic and other conditions vary widely among them, though, offering each city unique challenges when trying to address this and other issues.

Appendix B: Survey data collection

A survey exploring city economic development activities, successes and barriers was sent to all 281 cities and towns. The person having the most responsibility and knowledge of economic development efforts at each city was asked to complete the survey.

The people receiving the survey were:

- Mayors/council members (34);
- City managers/administrators (39);
- Clerks/treasurers (100);
- Economic development staff (42);
- Planning/public works/development staff (45); and
- Others (21).

One hundred and thirty-eight cities responded to all or part of the survey, representing 49 percent of cities. These cities represent 74 percent of residents living in Washington cities.

Throughout this interim report, data are often analyzed at the cluster level. Within each of the 14 clusters, 30 to 83 percent of cities belonging to that cluster fully or partially completed the survey. Results by city cluster were often similar.

Cluster Number	Cluster Name	Number Cities in Cluster	Number Surveys Returned	Percent Repond.
Cluster 1	Regional Centers	10	4	40%
Cluster 2	Rural Commercial Centers	18	10	56%
Cluster 3	Tourism/Light Industrial Hubs	17	8	47%
Cluster 4	Moderate Commercial	20	6	30%
Cluster 5	Small Residential	20	7	35%
Cluster 6	Rural Communities	54	19	35%
Cluster 7	Urban Outskirts	55	25	45%
Cluster 8	Residential	27	16	59%
Cluster 9	High Income Residential	7	4	57%
Cluster 10	Mixed Resources	8	6	75%
Cluster 11	Small Commercial Centers	14	9	64%
Cluster 12	Medium Retail Hubs	11	7	63%
Cluster 13	Major Commercial Centers	12	10	83%
Cluster 14	Central Cities	8	6	75%

Appendix B1: Survey data summary

*Part of this survey was based on the Internal City/County Management Association's (ICMA) survey on economic development.

The count and percentages listed below refer to cities responding "yes," unless otherwise noted.

YOUR INFORMATION

1. Person completing this survey
 - a. First name
 - b. Last name
 - c. City/Town
 - d. Phone
 - e. Email
2. Primary economic development contact (if different from above)
3. Which of the following best describes your city's current primary economic base? (Check all that apply) **(answered by 138 cities)**
 - a. Agricultural **(count 33; 24%)**
 - b. Institutional (military, government, nonprofit, universities, colleges, etc.) **(count 35; 25%)**
 - c. Manufacturing **(count 28; 20%)**
 - d. Residential community (commuters) **(count 67; 49%)**
 - e. Retail/service **(count 55; 40%)**
 - f. Technology/telecommunications **(count 15; 11%)**
 - g. Tourism/hospitality (including travel for pleasure, business, and to visit family and friends) **(count 38; 28%)**
 - h. Warehousing/distribution **(count 13; 9%)**
 - i. Other (please specify) **(count 14)**
4. Overall, would you say that your city is *better* or *less able* to meet financial needs in FY 2006 than five years ago (2001)? **(answered by 138 cities)**
 - a. Less able **(count 57; 41%)**
 - b. About the same **(count 44; 32%)**
 - c. Better able **(count 37; 27%)**
5. Overall, would you say that your city is *better* or *less able* to meet financial needs in the next five years (up to FY 2011) compared to this fiscal year? **(answered by 137 cities)**
 - a. Less able **(count 74; 54%)**
 - b. About the same **(count 36; 26%)**
 - c. Better able **(count 27; 20%)**

ECONOMIC DEVELOPMENT IN YOUR CITY

6. Does your city fund a staff member, department or other city office (other than a redevelopment agency) that works to promote economic development in your city? (If no, skip to #9) **(answered by 135 cities)**
 - a. Yes **(count 43; 31%)**
 - b. No **(count 92; 69%)**
7. Please enter the year in which your city began to fund this department or office: **Answers ranged between 1985 and 2007.**
8. How many FTE are designated for economic development purposes? **Answers ranged between 0.2 and 22 FTE.**
9. Does your city have a written economic development plan? (If no, skip to #13) **(answered by 133 cities)**
 - a. Yes **(count 52; 39%)**
 - b. No **(count 81; 61%)**
10. Which of the following does your city's economic development plan encompass? (Check all that apply) **(answered by 57 cities)**
 - a. Business recruitment **(count 42; 74%)**
 - b. Business retention **(count 44; 77%)**
 - c. Small business development **(count 37; 70%)**

11. Does your city's economic development plan include any of the following? (Check all that apply) **(answered by 57 cities)**
 - a. Goals and vision/value statement **(count 47; 82%)**
 - b. Community assets/challenges **(count 38; 67%)**
 - c. Assessments and plans for various investment strategies (e.g. infrastructure, traffic, real estate) **(count 28; 47%)**
 - d. Design/zoning guidelines **(count 17; 30%)**
 - e. Marketing strategy **(count 23; 40%)**
 - f. Performance measures **(count 13; 23%)**
 - g. Other (Please specify) **(count 8)**

12. Is your plan the economic development element of your comprehensive plan? **(answered by 57 cities)**
 - a. Yes **(count 36; 63%)**
 - b. No **(count 16; 28%)**
 - c. Don't know **(count 5; 9%)**

13. Which of the following best describes the focus of your economic development efforts? (Check all that apply) **(answered by 133 cities)**
 - a. Agricultural **(count 15; 11%)**
 - b. Institutional (military, government, nonprofit, universities, colleges, etc.) **(count 12; 9%)**
 - c. Manufacturing **(count 41; 31%)**
 - d. Residential community (commuters) **(count 40; 30%)**
 - e. Retail/service **(count 90; 68%)**
 - f. Technology/telecommunications **(count 28; 21%)**
 - g. Tourism/hospitality (including travel for pleasure, business, and to visit family and friends) **(count 66; 50%)**
 - h. Warehousing/distribution **(count 20; 15%)**
 - i. Other (please specify) **(count 19)**

14. Please briefly describe your city's role(s) in economic development.

15. Which organization has primary responsibility to promote business recruitment? (Check all that apply) **(answered by 133 cities)**
 - a. My city **(count 66; 50%)**
 - b. Nonprofit organization (e.g. EDC, Chamber of Commerce) **(count 78; 59%)**
 - c. Don't know **(count 9; 7%)**
 - d. Other, please specify **(count 26)**

16. Which organization has primary responsibility to promote business retention (Check all that apply) **(answered by 133 cities)**
 - a. My city **(count 68; 51%)**
 - b. Nonprofit organization (e.g. EDC, Chamber of Commerce) **(count 80; 60%)**
 - c. Don't know **(count 12; 9%)**
 - d. Other, please specify **(count 15)**

ECONOMIC DEVELOPMENT ACTIVITIES

17. Which of the following partners/entities participate in developing and implementing your city's economic development strategies? (Check all that apply) **(answered by 121 cities)**
 - a. County government **(count 54; 45%)**
 - b. State government **(count 37; 31%)**
 - c. Federal government **(count 20; 17%)**
 - d. Chamber of Commerce **(count 94; 78%)**
 - e. Downtown association **(count 41; 34%)**
 - f. Regional organizations **(count 43; 36%)**
 - g. Planning consortia **(count 14; 12%)**
 - h. Private business/industry **(count 46; 38%)**
 - i. Economic development corporation **(count 41; 34%)**
 - j. Private or community economic development foundation **(count 19; 16%)**
 - k. Utility (private or public) **(count 22; 18%)**
 - l. College/university **(count 31; 26%)**
 - m. Early childcare and K-12 schools **(count 10; 8%)**
 - n. Ad hoc citizen group **(count 18; 15%)**
 - o. Citizen advisory board/commission **(count 31; 26%)**
 - p. Other, please specify **(count 25)**

18. Does your city financially support any of the following strategies to promote economic development? (answered by 117 to 125 cities)
- Infrastructure improvements (including high speed telecommunications) (count 86; 69%)
 - Quality of life improvements (e.g. parks, cultural events) (count 110; 88%)
 - Promotion of industry clusters (count 39; 32%)
 - Downtown revitalization (count 82; 67%)
 - Industrial parks (count 30; 25%)
 - Job training/workforce development (count 20; 17%)
 - Business incubators (count 16; 14%)
 - Microenterprise program (count 9; 8%)
 - Brownfields redevelopment programs (count 14; 12%)
 - Other (count 15)
19. If you checked other, please specify.
20. Does your city support any of the following services to promote economic development? (answered by 117 to 123 cities)
- Infrastructure (e.g. water, streets) (count 116; 94%)
 - Online development services (count 46; 39%)
 - Streamlined permitting process (count 86; 70%)
 - Real estate development (count 54; 45%)
 - Advanced telecommunications provision (e.g. fiber-optics, broadband) (count 62; 51%)
 - Marketing for businesses, business area, downtown, etc. (count 69; 57%)
 - Arts/cultural services (count 67; 55%)
 - Community center operations (count 63; 53%)
 - Contracting/procurement services (count 24; 20%)
 - Streamlined business licensing (count 64; 54%)
 - Special event and facility services (count 73; 60%)
 - Location demographic and/or other data provision (count 68; 57%)
 - Child care and/or youth programs (including after school) (count 40; 34%)
 - Parks/recreation services (count 104; 85%)
 - Historic preservation (count 73; 61%)
 - Zoning (count 113; 92%)
 - Other (count 2)
21. If you checked other, please specify.
22. Please indicate which of the following incentives your city offers to promote economic development. (answered by 114 to 120 cities)
- Infrastructure improvements (count 67; 57%)
 - Business and occupation tax credit or deferrals (count 11; 9%)
 - Property tax exemptions (count 11; 10%)
 - Tax increment financing (count 11; 10%)
 - Business financing (count 7; 6%)
 - Special assessment districts/LIDs (count 54; 46%)
 - Grants (count 44; 38%)
 - Zoning/permit assistance (count 93; 78%)
 - Streamlined permitting process (count 78; 66%)
 - Utility rate reduction (count 10; 9%)
 - Regulatory flexibility (count 42; 36%)
 - Locally designated enterprise zones (count 9; 8%)
 - Other (count 8)
23. If you checked other, please specify.
24. Please indicate the top three most frequently used incentives by putting the corresponding letter (from question #22) in the space provided.
- Infrastructure improvements (count 48)
 - Business and occupation tax credit or deferrals (count 0)
 - Property tax exemptions (count 4)
 - Tax increment financing (count 4)
 - Business financing (count 1)
 - Special assessment districts/LIDs (count 13)
 - Grants (count 18)
 - Zoning/permit assistance (count 53)
 - Streamlined permitting process (count 52)
 - Utility rate reduction (count 5)
 - Regulatory flexibility (count 11)
 - Locally designated enterprise zones (count 0)
 - Other (count 6)

25. Please indicate which of the following tools your city uses to promote economic development? (answered by 112 to 118 cities)
- a. Community Economic Revitalization Board (CERB) grants and loans (count 46; 39%)
 - b. Tax increment financing (count 9; 8%)
 - c. Special Assessment Districts/LIDs (count 48; 41%)
 - d. Transfer of development rights or transfer of development credits (count 14; 12%)
 - e. Industrial Development Revenue Bond (count 14; 12%)
 - f. Main Street Program (count 24; 21%)
 - h. Public Facilities Districts (PFD)/Public Development Authority (PDA) (count 26; 23%)
 - i. Public Works Trust Fund low interest loans (count 68; 58%)
 - j. Community Development Block Grant (count 71; 61%)
 - k. Rural/distressed county sales tax (.08) (count 23; 20%)
 - l. Brownfield development (count 10; 9%)
 - m. Planned action ordinance (count 20; 18%)
 - n. Business improvement areas (count 14; 12%)
 - o. Other (count 5)
26. If you checked other, please specify.
27. Please indicate the three tools that have been the most successful by putting the corresponding letter (from question #25) in the space provided.
- a. Community Economic Revitalization Board (CERB) grants and loans (count 22)
 - b. Tax increment financing (count 4)
 - c. Special Assessment Districts/LIDs (count 26)
 - d. Transfer of development rights or transfer of development credits (count 5)
 - e. Industrial Development Revenue Bond (count 5)
 - f. Main Street Program (count 7)
 - h. Public Facilities Districts (PFD)/Public Development Authority (PDA) (count 16)
 - i. Public Works Trust Fund low interest loans (count 37)
 - j. Community Development Block Grant (count 36)
 - k. Rural/distressed county sales tax (.08) (count 7)
 - l. Brownfield development (count 3)
 - m. Planned action ordinance (count 8)
 - n. Business improvement areas (count 3)
 - o. Other (count 4)
28. Do you require a performance agreement as a condition for providing business incentives? (answered by 89 cities)
- a. Always (count 13; 15%)
 - b. Sometimes (count 29; 33%)
 - c. Never (count 47; 53%)
29. Please estimate the number of jobs and new businesses in your community over the last five years as a result of your business attraction/recruitment efforts.
- a. Number of jobs (answers varied from 0 to 10,000)
 - b. Number of new businesses (answers varied from 0 to 38,781)
30. Briefly describe other successful outcomes your city has experienced as a result of your economic development efforts?

BARRIERS TO ECONOMIC DEVELOPMENT

31. Do you consider any of the following to be a barrier to economic development in your city? (answered by 107 to 120 cities)
- a. Availability of commercial/industrial land (count 70; 59%)
 - b. Cost of land (count 66; 56%)
 - c. Lack of commercial office/building availability (due to space and costs) (count 60; 50%)
 - d. Inadequate infrastructure (e.g. Fiber optic cable, water/sewer) (count 57; 49%)
 - e. Lack of skilled labor (count 34; 31%)
 - f. High cost of labor (count 26; 23%)
 - g. Limited number of major employers (count 85; 73%)
 - h. Distance from major markets (count 55; 47%)
 - i. State taxes (count 40; 36%)
 - j. Lack of flexibility of local taxing/revenue options (count 59; 54%)
 - k. Lack of private sector capital/funding (count 59; 53%)
 - l. Federal/state mandates (count 65; 57%)
 - m. Environmental regulations (count 58; 50%)
 - n. Lengthy state permit process (count 43; 39%)
 - o. Lengthy city permit process (count 18; 16%)
 - p. Lack of skilled city economic development staff (count 52; 48%)
 - q. Access to technical expertise (count 43; 37%)
 - r. Citizen opposition (count 34; 31%)
 - s. Lack of political consensus (count 25; 23%)
 - t. Declining market due to loss of population (count 18; 16%)
 - u. Lack of proximity to transportation corridors (count 28; 25%)
 - v. Poor quality of life (e.g. inadequate education, recreation, arts/cultural programs) (count 16; 14%)
 - w. Traffic congestion (count 31; 26%)
 - x. High cost of residential housing (count 36; 32%)
 - y. Other (count 12)
32. If you checked other, please specify.
33. Please indicate the top three barriers to economic development by putting the corresponding letter from the previous question in the space provided.
- a. Availability of commercial/industrial land (count 22)
 - b. Cost of land (count 20)
 - c. Lack of commercial office/building availability (due to space and costs) (count 14)
 - d. Inadequate infrastructure (e.g. Fiber optic cable, water/sewer) (count 21)
 - e. Lack of skilled labor (count 6)
 - f. High cost of labor (count 1)
 - g. Limited number of major employers (count 20)
 - h. Distance from major markets (count 12)
 - i. State taxes (count 13)
 - j. Lack of flexibility of local taxing/revenue options (count 22)
 - k. Lack of private sector capital/funding (count 9)
 - l. Federal/state mandates (count 11)
 - m. Environmental regulations (count 10)
 - n. Lengthy state permit process (count 4)
 - o. Lengthy city permit process (count 3)
 - p. Lack of skilled city economic development staff (count 13)
 - q. Access to technical expertise (count 4)
 - r. Citizen opposition (count 7)
 - s. Lack of political consensus (count 8)
 - t. Declining market due to loss of population (count 3)
 - u. Lack of proximity to transportation corridors (count 11)
 - v. Poor quality of life (e.g. inadequate education, recreation, arts/cultural programs) (count 3)
 - w. Traffic congestion (count 10)
 - x. High cost of residential housing (count 10)
 - y. Other (count 5)

34. Which of the following infrastructure improvement or expansion needs are currently barriers to economic development for your city? (answered by 111 to 120 cities)
- a. Water availability/quality (count 26; 22%)
 - b. Stormwater (count 34; 30%)
 - c. Sewer (count 37; 32%)
 - d. Streets (count 59; 50%)
 - e. Advanced telecommunications (e.g. fiber-optics, broadband) (count 43; 38%)
 - f. Sidewalks (count 44; 38%)
 - g. Bridges (count 23; 21%)
 - h. Other (count 11)
35. If you checked other, please specify
36. Is the need to expand any of the following city services currently a barrier to economic development or growth for your city? (answered by 98 to 116 cities)
- a. Police (count 21; 19%)
 - b. Jail (count 10; 10%)
 - c. Courts (count 11; 10%)
 - d. Planning/permitting (count 37; 32%)
 - e. Fire (count 12; 11%)
 - f. EMS (count 11; 10%)
 - g. Human/social services (count 18; 17%)
 - h. Transportation (count 58; 51%)
 - i. Parks/recreation (count 22; 19%)
 - j. Libraries (count 11; 10%)
 - k. Other (count 2)
37. If you checked other, please specify
38. Please identify your competition in attracting investment in your jurisdiction. (Check all that apply) (answered by 115 cities)
- a. Other local governments within the state (count 88; 77%)
 - b. Local governments in surrounding states (count 33; 29%)
 - c. Other states (count 27; 23%)
 - d. Foreign countries (count 17; 15%)
 - e. Other (Please specify) (count 5)
39. What additional policies and/or tools, not currently provided by the State, would be helpful to your economic development efforts?

Thank you for your time!

Appendix B2: Survey respondents

Aberdeen	Grand Coulee	Port Angeles
Airway Heights	Grandview	Port Orchard
Algona	Granite Falls	Poulsbo
Almira	Harrah	Prosser
Arlington	Hartline	Puyallup
Asotin	Hoquiam	Rainier
Auburn	Hunts Point	Raymond
Bainbridge Island	Issaquah	Redmond
Battle Ground	Kelso	Renton
Beaux Arts Village	Kennewick	Republic
Bellevue	Kettle Falls	Richland
Bellingham	Kirkland	Ritzville
Blaine	Kittitas	Rock Island
Bonney Lake	La Conner	Sammamish
Bothell	Lacey	SeaTac
Bridgeport	Lakewood	Seattle
Camas	Langley	Sedro-Woolley
Carbonado	Liberty Lake	Selah
Carnation	Lyman	Sequim
Castle Rock	Lynden	Skykomish
Chehalis	Lynnwood	Snohomish
Cheney	Mansfield	South Cle Elum
Clarkston	Maple Valley	South Prairie
Clyde Hill	Marysville	Spokane
College Place	Medical Lake	Spokane Valley
Colton	Mercer Island	St John
Colville	Mesa	Steilacoom
Coulee City	Millwood	Stevenson
Coulee Dam	Milton	Sultan
Covington	Morton	Sunnyside
Dayton	Mossyrock	Tenino
DuPont	Mount Vernon	Toledo
Duvall	Mountlake Terrace	Tonasket
East Wenatchee	Mukilteo	Toppenish
Edmonds	Newcastle	Tukwila
Elmer City	Nooksack	Tumwater
Entiat	Normandy Park	University Place
Enumclaw	North Bend	Vancouver
Ephrata	Oakesdale	Waitsburg
Everett	Ocean Shores	Walla Walla
Everson	Olympia	Wenatchee
Fairfield	Oroville	Wilbur
Federal Way	Othello	Winlock
Ferndale	Pasco	Winthrop
Fircrest	Pateros	Woodland
George	Pomeroy	Yelm

Appendix C: Focus group questions

Economic development in your city

- Briefly describe economic development in your city—emphasis, direction.
- Why is your city promoting economic development?

Success

- Give an example of a project that has been successful for your city.

Tools that work/don't work

- What are some of the tools you are using to promote economic development?
- Have these tools been successful? Why/why not?
- Are there reasons why your city does not use certain tools that are currently available?

Barriers

- What are some of the general barriers your city faces when promoting economic development?
- Are there tools/policies that can come from the state to help with these barriers?
- If you could change/modify any tools or policies already in effect, what would you do?

Appendix C1: Focus group participants

Arlington
Auburn
Bonney Lake
Bucoda
Burien
Camas
Chehalis
Chelan
Conconully
Connell
Dayton
Eatonville
Everett

Federal Way
Kenmore
Kirkland
Langley
Lynnwood
Mabton
Maple Valley
Mountlake Terrace
North Bonneville
Palouse
Poulsbo
Prosser
Raymond

Renton
Richland
Roy
Sunnyside
Tenino
Tukwila
Union Gap
University Place
Wapato
Westport
Woodland
Yakima
Zillah