

# ECONOMIC DEVELOPMENT ELEMENT



## Chapter 8

### INTRODUCTION

The economic vitality of the area is an integral part of a high quality of life for Chehalis residents. Successful economic development efforts as measured by increases in employment opportunities, reductions in unemployment, and increases in real incomes can improve the overall quality of life that we enjoy.

The demographic and employment conditions and trends in Lewis County and the City of Chehalis are reflected in the current market conditions. The City of Chehalis can expect growth in its visitors and hospitality sector, retail development, and industrial development. In addition, housing development over the next decade will be influenced by pressures in the market in communities to the north of Chehalis.



### REQUIRED ELEMENTS

#### GMA LAND USE PLANNING GOALS (RCW 36.70A.020)

The Washington State Growth Management Act (GMA) sets forth guidelines for the development and adoption of comprehensive plans and development regulations. Land use policies and regulations influence transportation, housing, economic development, property rights, permits, natural resource industries, open space and recreation, environment, citizen participation and coordination, public facilities and services, and historic preservation.

Specifically, the GMA requires cities:

“To encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for Chapter 36.70A.020 (5).

## **GMA REQUIREMENTS FOR LAND USE PLANNING (RCW 36.70A.070)**

Economic development is one of the mandatory elements of the Comprehensive Plan required pursuant to the GMA. As prescribed by the GMA, the economic development chapter requires:

- A summary of the local economy such as population, employment, payroll, sectors, businesses, sales, and other information;
- A summary of the strengths and weaknesses of the local economy defined as the commercial and industrial sectors and supporting factors such as land use, transportation, utilities, education, workforce, housing, and natural/cultural resources; and
- A statement identifying policies, programs, and projects to foster economic growth and development and address future needs.



## **EXISTING CONDITIONS AND TRENDS**

The health of the economy in Chehalis is based upon many diverse factors. The economic development activity includes: (a) overall economic outlook; (b) population; (c) largest employers; (d) wages; (e) visitor and hospitality sector; (f) retail; (g) industrial; and (h) Downtown Chehalis.

### **Overall Economic Outlook**

The State of Washington State 2006 job growth rate was double the national average and ranked sixth in the nation. According to a press release dated January 29, 2007, Governor Chris Gregoire stated “the State of Washington has one of the most robust job markets in the nation. Businesses are prospering and people are finding opportunities for new and exciting careers”.

“Professional and business services had the largest gains in employment in 2006, adding 18,100 new jobs. The construction and manufacturing industries also saw strong job growth, adding 14,200 and 13,200 new jobs, respectively. Overall, more than 79,000 new jobs were created in 2006, representing an annual growth rate of 2.8 percent. The national average was 1.4 percent”.

The average unemployment rate in Washington for 2006 was 4.9 percent, which is the lowest average annual rate in the state since 1999. No major industry sectors in Washington saw job declines in 2006 (Washington State Employment Security Commission).

The City of Chehalis has a diverse economy with moderate growth occurring in such sectors as retail, visitor services, distribution and manufacturing. Adjacent to Interstate 5 and the railroad, and with the College, the City has a distinctly different demographic profile than other Lewis County communities.



## Population

Chehalis' population at the end of 2009 was estimated by the State of Washington to be 7185. This population accounts for 10% of the county's total population. While the City's growth rate between the years 2000 and 2007 was negligible, the Washington State Office of Financial Management (OFM) has projected a healthy population of 11,230 for the year 2025. The growth rate projection is based on (1) an influx of retirees, (2) annexations and (3) additional housing projects.

The average household size in Chehalis is 2.46 compared to the U.S. at 2.6. The median age of the City is 32.3 years compared to the U.S. of 37.6 years. Over 84.2% of the City's residents over the age of 18 have a high school diploma and 16.8% hold a bachelors degree.

Population by Occupation	
Household Income	Estimated Households
Management, Business, and Financial Operations	4.75%
Professional and Related Occupations	20.05%
Service	19.08%
Sales and Office	26.94%
Farming, Fishing and Forestry	3.81%
Construction, Extraction, and Maintenance	10.16%
Production, Transportation and Material Moving	15.21%

Source: US Census Bureau

In the Chehalis' business sector Wal-Mart is the one of the City's largest employers. According to Sperling's Best Place/Fast Forward, Inc., future job growth also looks promising at the 14.32%.

## Wages

According to the Washington Employment Security Department, the average 2005 annual wage for a Chehalis household was \$38,954, considerably lower than the wage level of the State as a whole. Not surprisingly, most occupations held by residents of Chehalis have wages two-thirds of the averages for the nation as a whole. Most Lewis County employers have wage levels below those offered in other areas of the state. The exceptions are those engaging in the movement of materials,

mechanical engineers, and construction equipment operators. The City’s median household income is slightly less than \$38,954, which is considerably below the national level of almost \$51,660. A major factor affecting the median income level is the fact that people outside the prime workforce age levels of 20 to 55 heavily populate the City. According to Sperling’s Best Place/Fast Forward, Inc. the income per capita for the City was \$19,312, significantly lower than the U.S. average at \$26,372.

*Figure ED-1 Population by Occupation*

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Source: Sperling’s Best Place/Fast Forward, Inc. 2010 Data



### **Visitor and Hospitality Sector**

The visitor and hospitality sector has been somewhat stagnant over the last few years. However, the City anticipates substantial growth and newfound vitality in the coming years. Several factors are likely to contribute to that growth, including: the Grey Wolf Resort and Indoor Water Park just north of Chehalis, the City’s emphasis on attracting conventions and meetings and the Chehalis Renaissance Project; which, puts in place a strong downtown marketing campaign. Other business establishments have also remodeled or have been rehabilitated and are contributing to the synergy that has been created from the investments spent in the downtown corridor.



## Retail

Retail development will show moderate growth in the next five years as the economy recovers. The Historic Downtown retailers continue to be a special niche, which brings shoppers from the surrounding counties.

Although State of Washington per capita retail trade sales figures for Chehalis are difficult to evaluate, we do know that Lewis County sales per capita figure in 2005 was \$6,343. This figure is 86% of the state's per capita retail trader sales.

## Industrial



**Industrial development within Chehalis will center around the Port of Chehalis, which operates two industrial parks. The Chehalis Industrial Park** is located next to Interstate 5. It has over 700 acres with more than 200 acres available for new development. It is also in close proximity to US 12, this provides year-round access East over the Cascades. The Park is served by both the UPRR and BNSF railroads.



**The Curtis Industrial Park** is located 10 miles west of Interstate 5 and Chehalis via State Route 5. The park has 357 acres and available shortline providing service to BNSF and UPRR railroads.

With good I-5 and rail access to the industrial area the City expects to see industrial growth continue in the northwest section proceeding north to the Thurston County line.



## **Downtown Chehalis**

The **Chehalis Renaissance Project** created a fountain of citizens involved in the restoration and re-development of their downtown. The Project was so successful that the Chehalis Renaissance was honored during the October 25, 2010 Chehalis City Council meeting. The American Planning Association and the Planning Association of Washington presented the 2010 Joint Planning "Citizen Involvement" Award to the City for the Renaissance. Reviewers for the award stated, "The Chehalis Renaissance project was a very sophisticated outreach effort that included a multitude of methods for obtaining citizen involvement." They went on to say, "The results defined the product, which was already seeing extensive use and implementation." The council was congratulated for their continuing efforts of engaging its citizens in the future of the community, especially during these times of difficult economic situations.

### **The Chehalis Renaissance developed a mission statement:**

*To restore and redevelop Downtown Chehalis into its traditional role as a regional destination center for hospitality, entertainment, the arts, business, professional and fraternal meetings and conventions — utilizing its historic buildings and its multi-cultural and multi-racial history as an economic stimulus to recreate a vibrant and unique urban center for residents and visitors  
(Chehalis Renaissance Plan).*

### **Downtown Goals of the Chehalis Renaissance Plan**

1. To redevelop downtown Chehalis' historic infrastructure to its original and similar uses: hospitality, business conferences, entertainment, professional offices, residences, and commercial and retail businesses.
2. To restore Chehalis as a cultural and arts center of Southwest Washington.
3. To stabilize and grow the property tax base by restoring every building to its historic elegance.
4. To enhance current businesses and attract new enterprises.
5. To capitalize on the City's geographic location between the metropolitan areas of Portland and Seattle.
6. To utilize the City's highly developed wastewater, water and utilities Infrastructure to grow the local economy.

7. To utilize the City's labor pool, public education and Centralia College to attract business and industry to the City.
8. To establish an economic environment conducive to commercial diversity and prosperity, while protecting the environment and enhancing the quality of life for local residents.

### **Phase I Downtown Restoration**

1. Completed Projects.

### **Phase II Downtown Restoration New Projects**

#### Task 1. Commercial infrastructure

Task 2: Parking and Traffic. The success of Task # 1 will require the enhancement of parking availability, parking information and traffic flow. Visitors will require adequate signage from the freeway and to their downtown destinations. Programs are in progress to accomplish the following tasks:

1. Freeway Signage: A coordinated signage system will direct vehicular traffic from the freeway to the downtown core commercial area.
2. Historic Attractions: Historical markers will direct travelers through an historic loop along Market XXXX, with directional signs to historical buildings and sites.
3. Pedestrian Signage: Kiosks will point to public parking, cultural attractions, entertainment venues, dining, shopping, meeting facilities and public restrooms.
4. Parking: Cooperative parking efforts will enlist local business in preserving on-street parking for customers. The Streetscape will be regularly cleaned and maintained.

Task 3: Product Development. The goal is to create a vibrant downtown business environment conducive to a diverse mix of commercial and residential uses. Activities are in place to encourage the following activities:

1. Evening Entertainment: The City will encourage retail that is open in the evenings, such as art galleries, pub theaters, theme restaurants, and bookstore/cafés, while working with current businesses to extend business hours into the evening.
2. Established Events & Attractions: Established events will be encouraged to focus on Historic Downtown Chehalis.
3. Railroad Focus: The City will encourage a "Railroad Focus".

4. Hospitality: The City will develop and execute a long-term plan to create a centralized conference administration center.
5. Historic Ambiance: The Department of Community Development will facilitate the development and publication of a walking tour booklet describing and identifying historic buildings and photographs.
6. Public Events & Festivals: (Discussion Item) The City will encourage service clubs and non-profit organizations to produce special events throughout the year. Current activities include:

- a. Garlic-fest, etc

Task 4: Diversify Business Mix. The plan will focus on creating commercial venues, focusing on recruiting specific retail outlets to create businesses that are mutually compatible. The plan would be to encourage the following:

1. To expand the business mix to give local residents a reason to come the Historic Downtown Chehalis.
2. To convert old hotel space to bed & breakfast venues.
3. To enhance entertainment venues.
4. To develop food clusters such as bakeries, wine/cheese shops and specialty foods.
5. To create art studios and galleries.
6. To offer outdoor sports/recreation: cycling, canoe/kayaks, camping, and fishing shops.
7. To encourage craft and specialty stores.
8. To support development of a farmers market with a wide array of produce and products.
9. To develop second floor residential space.
10. To develop live-above work-below industries.

Task 5: Create Financial Resources.

1. Washington State Office of Archeology and Historic Preservation funds.
2. Lewis County Distressed Community funds.

3. Washington State Department of Commerce Block Grants.
4. Washington State Department of Commerce Building for the Arts funds.
6. United States Department of Agriculture Rural Economic Development funds.
7. Chehalis Hotel/Motel fund.
8. Public Facilities District funds.
9. Business Improvement District.

Task 6: 5 Year Plan Priorities.

1. Create and implement a Downtown Elevator Utility and Local Improvement District.
2. Expand and fund the Facade Improvement Program.
3. Obtain and develop parking space adjacent to downtown.
4. Design and install downtown signage and kiosks.
5. Develop the Downtown Convention Center Administration facility.

## **PARTNERSHIPS AND REGIONAL COORDINATION**

The following agencies are resources to Chehalis' government and businesses within the community and help the City in its economic development efforts. Each is briefly described.

### *A. Port of Chehalis*

The Port of Chehalis provides sites for industrial, warehousing, distribution, commercial and small business incubator uses. The Port's acts as a major focal point for enhancement and diversification of the City's and county's economy and employment bases. The Port of Chehalis understands and works closely with the City of Chehalis to recruit businesses that will protect the value of the surrounding properties and enhances the visual appearance of the community. The Port of Chehalis' industrial parks will provide a stimulus for economic, environmental, and social advancement of the greater Chehalis area. For additional information about the Port of Chehalis refer to the Port of Chehalis Comprehensive Plan. The current Port Comprehensive Plan was adopted in September, 2006.

### *B. Economic Development Council (EDC)*

EDC supports regional economic development with the long-term goal of a sustainable economy. EDC's web site states, "Sustainability is often defined as meeting the needs of the

present without compromising the ability of future generations to meet their own needs. Economic Development is not the end, but rather the means to an end, which is ultimately a higher quality of life for Lewis County.” (www.lewisdc.com) EDC is currently focused on several key project priorities:

- assisting in the development of shovel-ready, fully serviced industrial sites and transportation infrastructure;
- increasing manufacturing competitiveness
- partnership in workforce development
- customized business and industry training with Centralia College
- business assistance center
- identifying industrial sectors that compliment the array of business and industry currently located in Lewis County; and
- working with local businesses to resolve specific issues affecting their company.

The Lewis County Economic Development Council is actively involved in working to insure the success of local business. Since its inception, the EDC has worked with over eighty firms that have located here. The companies are responsible for providing over 2,300 jobs in Lewis County. In addition, the EDC has assisted over 250 local firms to expand or strengthen their operations.

The EDC has worked with our many partners on helping to solve transportation, utility, and regulatory problems. EDC partners include over 300 business members plus local government, education, and other community based groups.

#### A. Centralia-Chehalis Chamber of Commerce

The Chamber serves businesses in both Centralia and Chehalis, offering traditional services to its members. The Chamber’s advocacy role, presenting a unified voice on issues of interest and concerns to local businesses, allows the City to work with the leadership to implement business retention, recruitment, tourism and other economic development strategies.

#### B. Chehalis Renaissance Project (Downtown)

The City of Chehalis is engaged in the revitalization of downtown Chehalis. The program is designed to provide a flexible framework that puts assets, such as unique architecture and locally owned business, to work as catalysts for economic growth and community pride.

Although membership will be open to all, the primary focus will be the revitalization of the downtown area. The objective is to produce positive and fundamental changes to the community’s economic base by attracting new investors, diversifying the retail and

service sectors, organizing the existing commercial base and promoting the uniqueness of Chehalis' downtown.

This public/private partnership will serve to create a positive business climate resulting in additional job creation and increasing the City's tax base.

### C. Centralia College

Centralia College is the oldest continuously operating community college in the State of Washington. Founded in 1925, the College has a rich heritage of professional, technical, transfer, and basic skills programs serving the community. The College has an enrollment of approximately 10,444 head count with 2,580 FTEs (2006). There are approximately 212 full-time employees. The college is located in the center of the town of Centralia on a tree-lined, 29-acre campus.

The College offers degrees and certificates in more than 70 fields. Centralia College is accredited by the Northwest Commission on Colleges and Universities (NWCCU – the former Northwest Association of Schools and Colleges), the Washington State Board for Community and Technical College Education, the State Approving Agency for the Training of Veterans, and the United States Department of Education. The nursing program is approved by the Washington State Nursing Care Quality Assurance Commission through the Department of Health.

## **STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS**

The competitive position for the City of Chehalis regarding economic development can be expressed in terms of strengths, weaknesses, opportunities and threats (SWOT)

### ***Strengths***

1. Location on I-5 Corridor, easy on/off for visitors & distributors of goods
2. Historical preservation focus of the community
3. Centralia College and its Center for Excellence
4. Rail facilities (freight and passenger)
5. Port of Chehalis and its two industrial parks
6. Competitive labor rates
7. Regional health care facilities
8. Geographically well positioned between Portland and Seattle

9. Business friendly government with involved City Council and staff
10. Quality of life factors such as low crime and quick response times to emergencies
11. Educational system (Centralia College, Chehalis Public Schools)
12. Parks and recreation facilities
13. Superior elderly care and medical facilities
14. Small town life style with big city amenities

### ***Weaknesses***

1. Shortage of family supporting type jobs (high wage)
2. Shortage of qualified workers, especially in technology sector
3. Shortage of land within the City designated and approved for industrial use
4. Shortage of jobs relative to residents (city is job exporter)
5. Shortage of local capital for business investment
6. Potential of flooding in key residential and commercial areas
7. Lack of quality hospitality infrastructure (hotels/motels/conference center)
8. Lack of directional signage to downtown and other commercial areas
9. Fragmented downtown business community
10. Congested transportation corridors
11. Three separate groups working independently on economic development

### ***Opportunities***

1. Traditional Downtown with a diverse employment base
2. Industrial users seeking affordable sites between Portland and Seattle
3. Broadband over power lines to attract back office/administrative operations

4. Marketing partnership with Amtrak to take advantage of available rail service as a way to enhance tourism activity
5. Market the City's geographical location in the State

### ***Threats***

1. Competition from other communities near and far
2. Shift in consumers needs and/or wants
3. Unsuccessful effort to annex land into the City of Chehalis
4. Failure to resolve transportation corridor issues in a timely manner
5. Increasing housing prices
6. Failure to improve educational infrastructure

## **COUNTYWIDE PLANNING POLICIES**

The State amended in 1991, the Growth Management Act requiring each county legislative body planning under the act to adopt countywide planning policies in cooperation with the cities in the county. This common framework provides for consistency amongst the comprehensive plans. The policies address issues that uniformly affect the county as a whole including the siting of public facilities of a countywide or statewide nature, transportation facilities, affordable housing, economic development and employment, and orderly and contiguous development. The requirements of the countywide planning policies were considered along with many other factors to determine the best course of action for the City of Chehalis. The Lewis Countywide Planning Policies pertaining to this element are as follows.

The Lewis County Planned Growth Committee adopted their updated planning policies in December 2006. This update included policies on economic development. These policies are statements establishing a regional framework from which county and city economic development elements are developed. They include policies on the integration of comprehensive plans and distinguishing rural and urban areas.

## **RELATIONSHIP TO OTHER PLANS**

The following plans and documents relate to the success of economic development within the City of Chehalis and implementation of this element.

- Lewis County Comprehensive Plan. The Lewis County Comprehensive Plan was adopted in April, 2009.
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Port of Chehalis Comprehensive Plan. The current Port Comprehensive Plan was adopted in 2006.

- Airport Master Plan/Chehalis-Centralia. The Airport Master Plan was approved Fall 2001.
- Parks and Recreation Plan. The Parks and Recreation Plan (Element)
- Transportation Plan. The Transportation Plan (Element)
- Chehalis Renaissance Plan
- Centralia College Master Plan. The Centralia College Master Plan was approved on September 2002.
- Transit Development Plan. The Transit Development Plan 2007-2012 was approved March 2007.

## **LAND USE ASSUMPTIONS**

The land use assumptions include: residential population, household and density projections, and industrial and commercial employment projections. These calculations are critical to the success of the planning process. As in most decision-making, the model is typically an iterative process of testing alternatives until the best solution is found and may change over time.

## **ECONOMIC DEVELOPMENT GOALS AND POLICIES**

This Economic Development Element describes a set of goals and policies that not only effect land use but other marketing, investment, and employment activities of public agencies, non-profit, and private participants in the Chehalis community. Successful implementation of the economic development element will require careful coordination between the land use and regulatory process of the Comprehensive Plan and other city documents and governmental agencies.

### **Goal ED 1**

*To encourage the expansion of existing businesses and the recruitment of new enterprises by providing a business-friendly environment.*

#### **Policies**

- ED 1.1** Provide or support assistance to retain existing businesses by responding to specific requests from local firms.
- ED 1.2** Lead and support the recruitment of diversified new firms to locate in the community, with an emphasis on employers who provide family wage jobs
- ED 1.3** Provide a timely and certain permitting process.
- ED 1.4** Pursue strategies that are aimed at streamlining the permitting process, establishing predictable project approval mechanisms, and establishing fees for development commensurate with benefits received.

**ED 1.5** Ensure that development regulations are balanced so that they nurture economic activity, maintain jobs, encourage new employment, and promote a high quality of life in Chehalis.

**ED 1.6** Support the ongoing workforce training and education capacity provided by Centralia Community College by coordinating with the college to ensure the provision of adequate City infrastructure and utilities.

**Goal ED 2**

*To encourage development of a diversified, well-balanced economy with stable, sustained growth.*

**Policies**

**ED 2.1** Encourage the development of employment opportunities.

**ED 2.2** Review and adjust the City's economic development strategies as needed based upon current and projected economic indicators.

**Goal ED 3**

*To locate employment opportunities in areas where adequate infrastructure exists or may be feasibly extended.*

**Policies**

**ED 3.1** Plan the annexation of land and expansion of infrastructure utilities and into the City of Chehalis UGA consistent with the adopted Capital Facilities Plan.

**ED 3.2** Ensure the Capital Facilities Plan addresses the infrastructure required to facilitate the locating of industrial, commercial, and institutional employers in Chehalis.

**ED 3.3** Maintain and expand infrastructure to service current and future commercial, industrial, and institutional users.

**ED 3.4** Maintain and expand existing utilities with competitive rates and capacity to serve growth.

**Goal ED 4** *Industrial*

*To provide a supply of prime industrial sites sufficient to meet market demands for industrial development.*

**Policies**

**ED 4.1** Given the importance of family wage jobs, prime industrial land will not be converted to alternate designations such as commercial or residential to preserve the job base.

**ED 4.2** Maintain a minimum 10-year supply of prime or potentially prime industrial land.

**Goal ED 5** *Commercial*

*To provide commercial sites sufficient to meet a diversity of needs for retail, service, and institutional development within the City.*

**Policies**

**ED 5.1** Review and adjust economic development goals as needed during the planning period to ensure a minimum 10-year supply of commercial land to preserve services that support the community.

**ED 5.2** Maintain and encourage retail areas designed to serve neighborhoods.