

CHAPTER

8

ECONOMIC DEVELOPMENT



8 ECONOMIC DEVELOPMENT

INTRODUCTION

The purpose of the Economic Development Element is to provide a framework to support the City's desired growth strategy to expand on the existing regional retail and downtown commercial opportunities, medical services and residential uses which currently exist within Sequim. Additionally, the potential exists to attract high-tech and light industrial development opportunities with living wage jobs for Sequim residents which will create economic stimulus for Sequim. This element offers insight to the issues of future growth, and points out opportunities for achieving a successful, prosperous and livable city with an exceptional quality of life in which to reside and conduct business.

The Sequim City Council adopted Core Values and Guiding Principles for Economic Development on October 13, 2014 and declared by Resolution that the City's most important role in economic development is to accomplish our mission, which is "We provide quality, cost-effective services, facilities, and infrastructure to build an exceptional community and a great place to live." The city government exists to create an environment that attracts residents, businesses and investment. Critical success factors form the foundations of our strategic, operational and financial plans. Sequim is a place where people realize their quality of life is good because open spaces are abundant, traffic congestion is minimal, city facilities are well maintained and utility services are provided in an affordable and reliable manner. The following is a list of the adopted core values and guiding principles which should be followed and used to help make decisions related to economic development opportunities:

- 1) Maintain strategic, operational, and financial plans to support the anticipated increase in businesses providing employment and residential growth while maintaining Sequim's small town atmosphere.
- 2) Continue to encourage tourism as an economic driver and promote the City's and the surrounding Sequim-Dungeness Valley's features and assets, including the natural environment, recreational opportunities, agricultural industry/heritage, cultural attractions and culinary experiences.
- 3) Maintain, advocate and work in partnership with regional and community alliances that improve the quality of life and economic vitality within the City of Sequim.
- 4) Provide the development community with a review process that delivers accurate and concise information as it relates to development standards and the costs of development to ensure that Sequim remains an attractive municipality in which to invest capital.
- 5) Support development and redevelopment within downtown Sequim which will preserve the district's small town charm, support pedestrian-oriented circulation, and retain the downtown core as the culture heart of the Sequim-Dungeness Valley.
- 6) Encourage the retention of the unique and small businesses that lend character to our City and are an attraction while supporting new development and infill development of regional retail shopping centers, light industrial, and research and development businesses that help create a diverse economy in Sequim.
- 7) Evaluate the economic development impact on proposed City regulations which will help maintain economic stability and health.
- 8) Continue to nurture its role as a desirable location for business, family, and retirement populations and to provide encouragement to the industries that support and serve these populations.

Today the City of Sequim’s service and tourism industries are fully functioning and developed to accommodate tourist and residents at satisfactory levels. Specifically, the service and tourism industries within Downtown Sequim offer a friendly and welcoming environment to tourist and residents alike. Downtown Sequim is unique from downtowns in other cities because it remains an important and integral component to the local economy and Downtown Sequim is truly the heart of the community. While the City of Sequim’s service and tourism industries remain healthy and strong; the City’s production and light manufacturing industry is weak and the potential to grow exists. The Economic Opportunity Areas (EOA) proposed as part of this plan are located within close proximity to SR 101 interchanges and offer quick and reliable access for potential high-tech, light industry production and family-wage job opportunities. The City’s desire to create a diverse economy with differing types of employment opportunities is linked closely to the availability of land and the opportunities to develop large parcel Economic Opportunity Areas (EOA).

VISION

Parts of the Vision guide the city’s interests in Economic Development:

4. A more compact pattern of growth will create a future that is affordable in all ways – physically, environmentally, socially, and economically;
5. Downtown will grow in activity and purpose not only to serve as the heart of the city and surrounding Valley but also to function as the core of a residential neighborhood that is the setting of most multi-family development; and
6. Greater diversity in age, household type, ethnicity, income, lifestyle, housing, mobility, and economic activity will increase community opportunities, variety, and interest.

ED GOAL 8.1 ECONOMIC GROWTH AND DIVERSIFICATION: Utilize community assets and available resources to enhance opportunities for economic expansion and a broader economic base that provide living-wage jobs and increase resilience in the marketplace.

POLICIES

ED 8.1.1 ECONOMIC RESILIENCY

Diversify Sequim’s employment portfolio by attracting companies that help grow and diversify the economy to reduce dependence on seasonal tourism, low-wage service jobs, and the healthcare industry.

Discussion: For long-term stability and prosperity, a balanced economy with inherent elasticity to withstand economic downturns requires more job sectors than retail / services, tourism, health care, education and government. The retail / services and tourism sectors are particularly vulnerable to economic recession with government not far behind. Attracting employers that have operational resilience to a weakening economy is a priority, even as these industries are sought in

most every city. *Stable, living-wage jobs for young adults and families* is the simple description of need most mentioned in community conversations about economic development.

The city's roles in assisting economic resiliency are presented in ED Goal 8.2.

ED 8.1.2 ECONOMIC DIVERSITY

Increase employment opportunities for the Valley's high school and college graduates who otherwise move to places of greater opportunity, through greater economic diversity.

Discussion: The hope for economic expansion stated in ED 8.1.1 is to attract new industries that bring opportunities for new business leaders, managers, and skilled workers. This opens doors for the age demographic most excluded from Sequim's economy, high school graduates who cannot find skilled jobs and college graduates who cannot find a career path in the limited range of employment in the Valley. The 18-40 age demographic isn't entirely missing from Sequim, but its presence is very low compared to the 60+ group that comprises nearly half the city's population. Since the younger age group includes couples in which both are wage earners, the range of employment affects the options for two people in most cases.

ED 8.1.3 FAMILY-WAGE JOBS IN PRIMARY INDUSTRY

Utilize the opportunities offered by large undeveloped parcels immediately adjacent to US 101 and designated High-Tech Light Industrial districts to attract major land uses that not only expand the city's economic base but also provide family-wage jobs.

Discussion: Two designated EOAs are located adjacent to the US 101 interchanges at Sequim Avenue and River Road and offer convenient transportation connection for large employers. High-tech, light industry is the most likely sector to provide primary jobs with good incomes, but institutional uses also meet this need. Both interchange sites provide good exposure to highway traffic that is consistent with the visibility desired by many companies.



Similar opportunities are afforded at the Battelle Northwest site within the east UGA, comprising over 50 acres of undeveloped land designated *High-Tech Light Industrial (HTLI)*, and a similar-size district consisting of multiple smaller acreage parcels along Washington Street east of Rhodefer Road. The opportunity these sites present are tied to future improved connection to US 101 at a planned Simdars interchange.

Additional details about EOAs are presented in Policy LU 3.6.1.

ED 8.1.4 MAINTAIN DOWNTOWN

Support development and redevelopment within Downtown Sequim which preserves the district's small town charm, supports pedestrian-oriented circulation, and retains the Downtown core as the culture heart of the Sequim-Dungeness Valley.

Discussion: The health and vitality of Downtown are in the interest of all Sequim property owners, business owners, residents, employees and visitors. To maintain Downtown's critical functions to the community, Sequim continues to put emphasis on Downtown planning and development, including finding new uses for underutilized and undeveloped lands within the district. This emphasis also applies to strengthening the neighborhood by enhancing safety, creating more livable streets and promoting a social fabric where "small-town friendliness" is experienced every day. The city places strong emphasis on Downtown to create an economically healthy and diverse district, which has a mixture of uses, including retail, professional services, restaurants and special event opportunities. It is important to maintain a healthy balance between Downtown and the West-end Regional Shopping Center to ensure Sequim doesn't become another "any-city-USA" with just big box development and no vibrant pedestrian-oriented downtown to enhance community vitality.



The strategy to focus growth on Downtown is a long-term strategy. A vibrant future includes business opportunity, a diverse population and a varied housing stock that supports the needs of the people. The community as a whole must have strong advocates in education, small business development, entrepreneurship, recruitment and commitment to change the pattern of growth.

Directive measures of the 2011 Downtown Plan include promoting events, implementing a Main Street program in downtown, investing by the City, and recruiting of anchor tenants that bring shoppers to downtown. Continued implementation of the Downtown Plan supports existing local businesses and growth.

ED 8.1.5 SMALL AND INDEPENDENT BUSINESS RETENTION AND DEVELOPMENT

Encourage the retention of the unique and small businesses that lend character to our city while supporting new development that helps to diversify economy the local economy.

Discussion: Sequim's small businesses, most of which are independent, continue a 100-year plus legacy of providing retail and business services to the Valley. Most of the growth in tourism of the past 25 years stems from this service history. However, these small independent businesses are highly vulnerable to economic shifts in the market – there is no corporate help when the market shifts and an adjustment is needed. Many of these businesses are located in Downtown

and rely on the summer tourist season to propel them through the slower winter season, but other small businesses are sprinkled throughout the city in less visible locations.



Zoning regulations provide a protective environment that maintains the building scale and other development standards that fit the needs of small businesses that characterize Downtown. These also preclude large, national retailers from competing for sites in or near the Downtown Core. Outside Downtown, the Future Land Use Plan maintains well-defined community business districts – mostly on east and west Washington Street – to increase the identity of these places as

places to meet residents’ needs for goods and services outside the regional retail district of big box and national retailers. The city’s design standards promote incremental visual improvement of these districts in the development of all new projects, adding to their appeal to customers.

ED 8.1.6 SUPPORT REGIONAL RETAIL DEVELOPMENT

Support the development of regional retail infill development of regional shopping centers.

Discussion: The continued support of the City’s regional retail shopping centers while working to maintain Downtown as a vibrant activity center for the City is critical to the financial health of the City. Sequim has become an important regional retail center for Clallam County, providing a convenient retail resource for Sequim residents and the entire Olympic Peninsula. The financial benefit of the retail base became apparent once the City’s west end became developed and the large national retailers started to serve as large contributors to the City’s General Fund by means of Sales Tax collection. The Sales Tax Revenue collected in 2003 was \$975,000 and in 2013 it was \$2,253,000. This increase over the last decade has helped fund additional improvements to the City and continues to be a vital asset to the City of Sequim. Currently there are existing vacant lands in the City’s west end and vacant properties in the east end which have the potential to be developed with similar national retailers, light industrial businesses, and research and development organizations.



ED GOAL 8.2 COMMUNITY ATTRACTION: Create an environment that attracts desired economic development that contributes to the community's needs and quality-of-life expectations.

POLICIES

ED 8.2.1 PLANNING FOUNDATIONS FOR ECONOMIC GROWTH

Maintain a set of policies that direct growth and development consistent with community quality-of-life expectations and implementing regulations that foster desired development, as primary foundations of economic development.

Discussion: A primary city role in promoting desired economic development is to be clear, concise, predictable, fast and straightforward in the conduct of assisting and processing development permit applications. Efficient administration of development codes stems from this Plan which is highly directive and communicative of community needs and expectations in great detail. It continues in regulatory procedures that lead to predictable outcomes – changes identified and supported in the Plan are reflected in development review procedures that are guided by that direction of the Plan. Discretionary approvals are limited to decisions about a project's fit within a specific location with the expectation that most applications are appropriate if consistent with the Plan *and* site-specific impacts are mitigated with conditions of approval.

A measure of a good comprehensive plan and good development codes is a preponderance of administrative decisions for land use actions. The greater the reliance on non-administrative approvals by a hearing examiner, board, commission, or Council, the less likely are found a plan that provides substantial direction and codes that state adequate intents and standards. Investors in economic development greatly prefer administrative reviews with decisions that are based on a good plan and development codes. The community is better knowing that growth and development occur on their terms, not on the politically-driven terms of the moment.

ED 8.2.2 INFORMATION TECHNOLOGY INFRASTRUCTURE

Encourage and implement the development of fiber optic systems and communication infrastructure to provide the highest technological infrastructure within the community.

Discussion: It is important for Sequim to encourage and implement the development of a sophisticated information technology infrastructure because in today's world economic activities are increasingly shaped by continuous and real-time interactions facilitated by information technologies (computing and telecommunications technology). Because these interactions differ so markedly from past interactions, which were more burdened by space and time constraints, their impact on industries and jobs has the potential to significantly reshape America's metropolitan areas, leading to growth for some places and decline for others.



ED 8.2.3 MARKETING THE LOCAL ECONOMY

Continue to grow the City's marketing opportunities to highlight Sequim's high quality of life and local economic opportunities. Encourage tourism as an economic driver and promote the City's and the surrounding Sequim-Dungeness Valley's features and assets, including the natural environment, recreational opportunities, agricultural industry/heritage, cultural attractions and culinary experiences.

Discussion: The natural environment of the greater Olympic Peninsula attracts many sight-seeing and adventure tourists. Business development to serve the outdoor recreation tourist is anticipated in Sequim. Sequim continues to get recognition as a great place to live. This press, acknowledging Sequim as the "Blue Hole" in western Washington, brings new residents from around the country to settle in Sequim.

One of the City's biggest strengths is its location along State Route 101 which is a primary means of access to the Olympic National Park and to Victoria, British Columbia. Annually, approximately 1,000,000 visitors drive north-bound through Sequim to visit the variety of Olympic National Park sites or to embark on the M/V Coho in Port Angeles to travel to Victoria. In the summer, high numbers of tourists drive to Sequim to partake in Lavender and agro-tourism related activities, including but not limited to the Sequim Lavender Weekend. In addition to its adjacency to tourist destinations, Sequim itself has a beautiful setting and quaint downtown which appeals to tourists as a side trip or a base from which they enjoy recreation in the surrounding areas.

ED 8.2.4 NURTURE COMMUNITY ALLIANCES

Nurture relationships with regional alliances that support the essentials of creating a socially, economically and environmentally networked community. Maintain, advocate and work in partnership with regional and community alliances that improve the quality of life and economic vitality within the City of Sequim.

Discussion: Sequim is a community where alliances and partnerships are alive and healthy. The various alliances work together with the City to enhance the community's health, education, culture, history, infrastructure, and connections to the natural environment. Working in a collaborative manner with local non-profits, the Sequim School District, the business community, the S'Klallam Tribe, the health care industry and the North Olympic Development Council to enhance these attributes continues to be beneficial to Sequim residents, business owners, employees and visitors. The local factor which is critical to the success of creating opportunities for more jobs in Sequim is the education opportunities for the youth. Typically good employers locate where strong youth education opportunities exist. Maintaining a collaborative and healthy relationship with the Sequim School District will be beneficial to the recruitment and relocation of businesses to Sequim.