

Chapter 21

Economic Development



"Money never remains just coins and pieces of paper.
Money can be translated into the beauty of living, a support
in misfortune, and education, or future security."

Sylvia Porter

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21.1 TOPIC SUPPORT INFORMATION

Existing Conditions and Inventories

Spokane serves as the regional hub of a 36-county multistate area known as the Inland Northwest. This region encompasses parts of Washington, Idaho, Montana, and Oregon and contains a population exceeding 1.7 million residents. As a regional trade center, the Spokane market area extends into British Columbia and Alberta with a population base exceeding 3 million. An international airport, a major rail line, interstate highway, and proximity to the Columbia and Snake River systems reinforce Spokane's position as a distribution center.

As the only metropolitan area in the region, Spokane serves an important role as the retail trade and services center for the region. The Spokane economy has diversified significantly in the past 20 years, moving from the natural resource-related timber, agriculture, and mining industries prevalent in the region to an economy that includes healthcare, business and finance, and high-tech and service companies.

Table ED 1, "1998 Major Employers in Spokane County," lists major employers in the City of Spokane and Spokane County.

TABLE ED 1 1998 MAJOR EMPLOYERS IN SPOKANE COUNTY		
Company	Primary Business	Full-Time Employees
Fairchild Air Force Base	Military	5510
Spokane School District 81	Education	3081
Sacred Heart Medical Center	Hospital	2908
Kaiser Aluminum	Aluminum Products	2655
State of Washington	Government Services	2365
City of Spokane	Government Services	2060
Empire Health Services	Medical Services	1948
Spokane County	Government Services	1871
Goodale & Barbieri	Development and Real Estate Services	1500
Avista Corporation	Energy and Information Services	1400
Johnson Matthey	Electronic	1300
Hewlett-Packard	Measuring-Testing Equipment	936
Dakota Direct	Telemarketing Services	893
Telect Inc.	Telecommunication Equipment	748
Columbia Lighting	Fluorescent Lighting Fixtures	630
KeyTronic Corporation	Electronic Equipment	616
Boeing	Fiberglass Air Ducts	570
Wang Global	Financial and Service Software	490
Huntwood Industries	Cabinets and Wood Furniture	348
Itronix	Wireless Hand Held and Notebook Computers	308
Source: Spokane Area Economic Development Council		

Spokane is the home of Fairchild Air Force Base with approximately 4,374 military and 1,136 civilian employees, a total of 5,510 employees with an annual payroll of over \$145 million. The economic impact of Fairchild on the local economy is approximately \$257 million annually.

Kaiser Aluminum is the largest industrial employer in Spokane and the fourth largest employer in Spokane County, with 2,655 employees. As one of the most competitive and progressive retrofit primary aluminum plants in the world, Kaiser contributes \$1.5 billion to our economy.

Table ED 2, “Employment by Category (1998),” is an employment profile for the entire county. The table illustrates the regional balance of jobs and the importance of services and trade to the Spokane economy, accounting for more than 55 percent of the total workforce. Between 1980 and 1998, service sector jobs increased by 102.7 percent.

TABLE ED 2 EMPLOYMENT BY CATEGORY (1998)	
Category	Percent of Total
Manufacturing	12.20
Transportation and Utilities	4.50
Wholesale/ Retail Trade	25.30
Finance, Insurance and Real Estate	5.80
Government	16.60
Services	29.80
Construction and Mining	5.90
Source : Spokane Area Economic Development Council	

Map ED 1 illustrates the location and relative density of jobs for 1997 within the City of Spokane and its draft urban growth area for the Current Patterns Alternative, as well as job density within the Spokane Valley. The highest numbers of jobs are located in the downtown core and areas adjacent to the downtown area, along major arterials, particularly in relation to shopping malls or districts, and in the industrial areas to the east and northeast portions of the city. The downtown area serves as a major employment center for financial and business services, hospitality facilities, retail activity, and education. Downtown also represents the entertainment center of the community with ongoing cultural and recreational programs, special events, and restaurants. Sacred Heart and Deaconess medical facilities are located south of the downtown core.

In the remainder of the city, major shopping malls are located at Lincoln Heights on the South Hill and NorthTown Mall on the north side. Commercial and office jobs are particularly dense along Division and Sprague avenues. Kaiser Aluminum, the Hillyard industrial area, and the industrial areas to the east of the downtown core are the major industrial employment areas.

In the Spokane Valley, the locations with the most jobs include Trentwood Kaiser Aluminum and the Spokane Industrial Park. Smaller pockets of higher employment are located within commercial areas along Sprague Avenue, with high tech employment located north of Liberty Lake. Within the city’s urban area, the highest numbers of employees are located within the downtown core and areas adjacent to the area, along major arterials, particularly in relation to shopping malls or districts, and in the industrial areas to the east and northeast portions of the city.

Total employment in Spokane County grew by 42.5 percent between 1980 and 1998, increasing from 139,400 to 198,600. In the non-agricultural sector, growth totaled 49 percent, increasing from 127,700 to 190,300 (Economic Development Council, 1998). Estimated employment totals for 1998 within the City of Spokane total 109,148, as depicted by Table ED 3. The table illustrates the employment projections to the year 2020 for the incorporated City of Spokane, the Current Patterns Alternative, and Spokane County. Current Patterns is the only alternative illustrated because, of the three alternatives, its proposed urban growth area encompasses the most geographical area and, therefore, contains more companies than the two focused growth alternatives. Projected employment figures for the two focused growth scenarios are only slightly smaller than the Current Patterns Alternative. It should be recognized that people do not always live and work in the same jurisdiction. Some city residents work in the county while some county residents work in the city. Due to this assumption, county figures are also used.

TABLE ED 3 EMPLOYMENT PROJECTIONS BY EMPLOYMENT SECTOR (1998-2020)			
	1998	2010	2020
City Limits			
Hotel / Motel	3,689	4,243	4,685
Industry	26,739	30,172	33,314
Retail Trade	30,667	34,597	38,203
Services / Offices	14,648	16,527	18,254
Finance, Insurance, and Real Estate	7,842	8,851	9,773
Medical	15,463	17,427	19,257
Schools	10,100	11,382	12,585
Total	109,148	123,199	136,071
Current Patterns Urban Growth Study Areas			
Hotel / Motel	4,639	5,335	5,892
Industry	35,331	39,861	44,013
Retail Trade	32,924	37,146	41,019
Services / Offices	15,661	17,670	19,516
Finance, Insurance, and Real Estate	8,407	9,489	10,478
Medical	15,731	17,728	19,592
Schools	11,261	12,691	14,033
Total	123,954	139,920	154,543
County			
Hotel / Motel	5,541	6,671	7,338
Industry	51,840	59,505	65,590
Retail Trade	39,492	47,525	52,257
Services / Offices	29,427	34,372	37,833
Finance, Insurance, and Real Estate	10,163	11,473	12,674
Medical	18,956	21,359	23,618
Schools	19,150	21,581	23,856
Total	174,569	202,486	223,166
Source: Spokane Regional Transportation Council and City of Spokane Planning Services Department			

Land Supply and Demand

Land capacity refers to the theoretical holding capacity of a jurisdiction's land supply, which is an indication of its ability to accommodate population growth and future commercial and industrial land needs. Sufficient zoned, reasonably priced commercial and industrial land with adequate infrastructure is needed to accommodate future jobs within the Spokane region and the City of Spokane. Determination of land supply capacity for a 20-year period is an imperfect planning tool, which is relatively untested on a large scale. Application of this process is affected by a complex array of factors extended over a period of time, including regional economics, public and private attitudes and values, local markets, and effects of land use regulations.

Estimates of land capacity require making certain assumptions about the land development process. Land development takes place in a complex and dynamic market whose operation is imperfectly understood. Markets are influenced by local and regional supply and demand, national and regional forces, and numerous other economic and regulatory factors. Collectively, these factors influence how property owners deal with their property at any point in time and may include personal objectives, economic needs and goals, investment opportunities, and national economic forces. Accurately predicting how these markets will operate over a 20-year period is difficult and involves measure of art as well as science.

Commercial Land

The 20-year projected commercial land needs for the City of Spokane can be found in Volume 2, Chapter 16, Section 16.4, Projected Land Needs.

Industrial Land

The Countywide Planning Policies provide guidelines to provide industrial lands. The guidelines are as follows:

The Growth Management Act directs most industry to urban settings where urban governmental services are provided most efficiently. However, some industries, by their nature, are best sited away from urban environments. Among these are industries that may pose a public safety problem, such as an explosives plant, or a threat to public health, such as a chemical fertilizer plant. The Growth Management Act allows siting of these uses outside of urban growth areas (RCW 26.70A.365). Also, production activities that are inherent to resource lands, such as mining extraction or lumber milling, are not classified as industrial land uses.

The demand for industrial land is not dependent on size of population or level of employment. In the global marketplace, local industrial demand is influenced by many non-local forces, such as state tax laws, environmental laws, labor costs, and rapidly evolving technology. The site area needed for any particular industry is affected by the type of product, degree of automation in production processes, requirements for on-site storage, and number of employee parking stalls. Even without a gauge to forecast land demand, there is still a need in most urban areas to plan for additional industrial land uses in order to sustain economic growth. Three key factors in preparing for industrial growth are: 1) ensuring availability of land which is suitable for industrial use, 2) having the capacity to provide needed governmental services to these lands, and 3) ensuring that these lands are not encumbered by competing commercial or residential uses or environmental constraints.

Parcels inside an urban growth area, which meet the following criteria are considered as land suitable for industrial use:

- ◆ Currently an industrial use.
- ◆ At least five usable acres.
- ◆ Demonstration of land use compatibility.
- ◆ Absence of defined “critical” environment (wetlands, habitat, steep slopes, etc.) or an ability to mitigate environmental constraints for industrial use.

Each jurisdiction may include any land for industrial growth within its UGA that meets the land suitability criteria and can be served by required urban governmental services. For industrial uses, the following urban services are generally required:

- ◆ Public water supply
- ◆ Wastewater treatment
- ◆ Solid waste disposal
- ◆ Fire protection
- ◆ Police
- ◆ Access to transportation facilities, including all-weather roads.

Each jurisdiction’s capacity to provide the full range of urban governmental services necessary to support growth is finite, and the demands on this capacity come from the full range of urban uses. Therefore, in most cases, the designation of a UGA for the purpose of accommodating industrial growth is governed by each jurisdiction’s decisions to allocate its limited service capacity among the various categories of urban growth which is anticipated.

It is worth noting that different types of land use consume governmental services at different and often varying rates and quantities. Generally speaking, a hierarchy of service consumption shows:

USE	SERVICE DEMAND
Residential	High
Commercial	Moderate
Industrial	Low

Thus, it is incumbent upon each jurisdiction to provide a full array of site sizes to accommodate the needs of as many users as possible. The 20-year projected industrial land needs for the City of Spokane can be found in Volume 2, Chapter 16, Section 16.4, Projected Land Needs. Additional statistics on labor force, employers, income, and other economic development information is available at the City of Spokane Planning Services Department.

21.2 MAPS

ED 1 Employment Density- 1997