

CHAPTER 8

ECONOMIC DEVELOPMENT ELEMENT

PURPOSE

This element of the Zillah Comprehensive Plan is intended to provide the community, applicants and decision-makers with a general background and a basic understanding of the local Zillah economy and the manner in which that economy may evolve through 2040 and beyond. This element shall not stand in place of, but is to be used in support of, reasoned decision-making, programs or strategies that are employed for the purpose of preserving or enhancing Zillah's economy throughout the twenty-year planning period.

Zillah's Economic Development Element provides the Zillah community a framework around which a City of Zillah approved strategic economic development plan will be shaped. And includes that information that is required by the Washington State Growth Management Act. The element briefly describes local economic history followed by an analysis of the existing economy. Future changes are then considered. This analysis reflects the City's understanding that the majority of decisions that will have an impact on Zillah's economy may be influenced in some way by City regulations, but will ultimately be made by private interests. The analysis is intended to help position the City to take proactive measures (or informed reactive decisions) in periods of transition or turmoil. The element concludes with goals and policies that are intended to guide future decision-making, with the expectation that individual projects or programs may greatly expand on this very general economic development chapter.

Statutory and Growth Management Act Requirements: The Growth Management Act (GMA) requires an economic development element be included in the Comprehensive Plan. The GMA requires it to include the following:

- Summary of the local economy;
- Summary of the strengths and weaknesses of the local economy as defined as the commercial and industrial sectors; and
- Identification of policies, programs, and projects to foster economic growth and development

County-Wide Planning Policies- Economic Development & Employment

STATEWIDE ECONOMIC DEVELOPMENT GOALS

The goals of the GMA encourage economic development throughout the state that is consistent with adopted comprehensive plans; promotes economic opportunity for all citizens of the state, especially for unemployed and disadvantaged persons; and encourages growth in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources, public services and public facilities. (County-wide Planning Policy: G.1.)

COUNTYWIDE ECONOMIC DEVELOPMENT POLICY DEVELOPMENT

Countywide economic development policies should promote a regional economic development program consistent with local community preferences. The rural and urban economies within the county are inextricably connected, and economic development opportunities should strengthen linkages between population centers and outlying areas. A Countywide economic development plan will be built in partnership with local jurisdictions to ensure that economic development goals and objectives are community based. (County-wide Planning Policy: G.1.)

COUNTYWIDE ECONOMIC DEVELOPMENT POLICY STATEMENTS

The following policies relate to a general strategy to help ensure future economic vitality, broaden employment opportunities to meet the needs of projected future growth while maintaining a high-quality environment:

Encourage economic growth within the capacities of the region's natural resources, public services and public facilities.

- a. Identify current and potential physical and fiscal capacities for municipal and private water systems, wastewater treatment plants, roadways and other infrastructure systems.
- b. Identify economic opportunities that strengthen and diversify the county's economy while maintaining the integrity of our natural environment. (County-wide Planning Policy: G.3.1.)

Local economic development plans should be consistent with the comprehensive land use and capital facilities plans, and should:

- a. Evaluate existing and potential industrial and commercial land sites to determine short and long term potential for accommodating new and existing businesses;
- b. Identify and target prime sites, determine costs and benefits of specific land development options and develop specific capital improvement strategies for the desired option;
- c. Implement zoning and land use policies based upon infrastructure and financial capacities of each jurisdiction;
- d. Identify changes in urban growth areas as necessary to accommodate the land and infrastructure needs of business and industry;
- e. Support housing strategies and choices required for economic development. (County-wide Planning Policy: G.3.2.)

Coordination of efforts between the many diverse economic development organizations and other related agencies within Yakima County should be encouraged by:

- a. Identifying linkages between economic development issues and strategies and other growth planning elements (i.e. housing, transportation, utilities and land use);
- b. Defining roles and responsibilities for carrying out economic development goals, objectives and strategies. (County-wide Planning Policy: G.3.3.)

Yakima County Employment Projections and Allocations

The methodology for which employment is projected for Yakima County, each city and the unincorporated areas is outlined in the following steps:

- i. **Gather Current Employment Statistics** – *The most current employment statistics that can be compared to OFM's population estimates will be used to determine a percentage of those employed per city population. Economic data is available from a number of sources, primarily the US Census Bureau's 2008-*

2012 American Community Survey, the Washington State Employment Security Department and the US Bureau of Labor Statistics.

ii. **Projecting Employment for the County and the Fourteen Cities and Towns**

– Unlike population forecasting, there is no similar basis in the form of an OFM employment forecast range. Yakima County has developed a simple methodology to forecast employment for Yakima County and each of the fourteen cities and towns. The methodology makes one major assumption; that the ratio of employment to population will remain the same for each city for the next 20+ years. This assumption is based on a number of issues:

- That employment growth rates are extremely difficult to predict because they tend to fluctuate significantly year to year and can change uncharacteristically quick, especially in a county with high agricultural employment,
- City employment counts don't actually reflect the number of people employed inside city limits, and
- Population growth doesn't have the same affect by ups and downs in the economy like employment.

The methodology requires that the population projection results from the Yakima County preferred alternative population projections are multiplied by the percentage from step 1 for employment in the process above. The results provide an estimate of the projected number of people employed based on the projected number of residents per jurisdiction in 2040.

Table. 1 Yakima County Preferred Alternative 2040 Employment Projection and Allocation				
	2012 Civilian Labor Force#	Yakima County Preferred Alternative 2040 Projected Population	Yakima County Preferred Alternative 2040 Employment Projection	Number of Additional Jobs Needed by 2040
Yakima County	110,603	318,494	143,322	32,719
Zillah	1,427	5,016	2,358	931

Source: Yakima County Population and Employment Projections and Allocations Report

EXISTING CONDITIONS:

The City of Zillah is a community “quaint” in character experiencing the early stages of the urbanization process. Making the most of this change will require a “blueprint” for action – a well thought-out set of goals and strategic initiatives that can be put into motion to secure the long-term prosperity for residents, the fiscal constancy of government services, economically stable businesses, and the sustainability of natural resources.

Based upon an analysis of existing conditions and projected demographic changes, it's clear that Zillah currently does not have an adequate number of existing buildings or “shovel ready” sites to meet the demands of revenue and job producing commercial/industrial growth opportunities. In addition, years of neglect and economic stagnation have resulted in the deterioration of the 100 + year-old settlement footprint that once defined the Zillah community. This “sense of place” needs to be rekindled and woven into Zillah's economic fabric.

Zillah’s economy has evolved over the last century, and it will continue to change over the next twenty years as the community continues to change.

Summary of Local Economy

Zillah’s economy is closely tied to agricultural industries around the Yakima Valley, while its character remains associated with resource extraction industries (agriculture). The City’s location at the geographic center of Yakima County’s population – and along its major transportation corridors – creates an existing and potential influence area far wider than the municipal city limits. This Zillah Market area, defined by the Zillah School District boundaries and shown below in Figure 1, is that area in which Zillah is, has been and can be the primary population, shopping, entertainment and employment center. The shopping and employment decisions made by residents and workers of this area have the most influence on the City of Zillah, and in turn the City of Zillah could have more influence on these residents and workers.

Figure 1- Zillah School District boundaries



Existing Economy – Relevant Indicators

While there are many ways to evaluate the relative strength or weakness of a local economy, this element analyzes average incomes, sales tax base, major industry types and number of businesses.

Average Income

	Per Capita Income	Median Household Income
Zillah, WA	\$21,258	\$58,718
Yakima County, WA	\$19,861	\$43,956
Washington State	\$31,233	\$60,294

Per capita and household incomes in Zillah are each above Yakima County and below the Washington State average. This is likely due to more dual income households in Zillah than in the County as a whole – particularly Yakima, which has a median household income of \$ 40,189 and is somewhat influenced by college-age students and single-person households. The Cost of Living in Zillah versus Yakima County is about 2.0% higher however Zillah and Yakima County are approximately 20% lower than the Washington State average. (Source – Sperling’s Best Places – www.bestplaces.net, accessed February 27, 2017). This means that Zillah is generally more-affordable than Washington State as a whole, and is somewhat less-affordable than Yakima County as well.

Sales Tax Base

Sales tax is utilized by local government for a range of uses, and is one of the few revenue sources that are considered discretionary – meaning that it is not obligated to specific budget items (salaries, streets, parks, etc.). However, sales tax may fluctuate significantly from year to year, which may make it difficult to project future revenues. While retail sales are most frequently associated with sales tax (and in most jurisdictions are the principle source of sales tax revenues), a wide variety of sectors generate sales taxes. As expected, retail sales in Zillah are responsible for a significant portion of overall sales tax revenue approximately 35% due to industrial construction and road projects. However, the actual retail sales tax - \$474,894 (2016) – is relatively high for a city of Zillah’s size. This suggests that Zillah has a relatively small number of retail businesses– a fact borne out by a basic inventory of businesses.

Another important indicator of Zillah’s sales tax base is the sales tax associated with construction. In 2013 – a relatively slow year in terms of construction in Zillah – sales tax from construction represented approximately 11% of all sales tax collected in Zillah. This reflects the fact that Zillah is growing quickly. However, the nature of this construction – primarily single family residential development – may strain City resources in the long-term. Single family development typically does not generate sufficient taxes to pay for the corresponding demand in services. In other words, a city that relies on the sales taxes generated by new residential construction will require ever-increasing construction to pay the bills. Meanwhile, small cities must often reach a “critical mass” of residences (or “rooftops) to draw retailers that will depend on the larger market for customers and employees. Provided that retail shopping opportunities and family wage jobs follow this residential construction, high construction-related sales tax is a positive indicator. The task for the City is to leverage this residential growth to result in additional growth in retail sales and family-wage jobs.

ECONOMIC DEVELOPMENT VISION

The City of Zillah will become a regional leader in the creation of economic and lifestyle opportunities bringing long-term prosperity to residents, fiscal stability to government services, and sustainability of the community’s natural resources.

This element establishes an agenda to strengthen and build on Zillah’s key assets and opportunities. In supporting and growing Zillah’s primary strengths – a strong community, an evolving employment base, and a downtown with great character – this plan hopes to support the following outcomes, the sum of which is a vision for the desired future of the community:

- A strong **employment base** providing jobs for local residents and support for local retailers

- Vibrant and well-used **business districts** providing a variety of shopping and service options for Zillah residents as well as residents of nearby communities
- **A downtown that is a great place to spend time in**, whether shopping, walking, or visiting: the center of the community, with convenient connections to nearby neighborhoods and the Yakima River
- A **high quality of life**, with safe and attractive neighborhoods and quality housing options at varying price points, for rent and for purchase
- **A friendly and safe community**
- A **development climate** that facilitates desired investment in the community, with aligned land use and zoning codes and a flexible, customer-service oriented approach to working with developers and businesses
- A strong and highly effective **City-Community partnership**, with clearly delineated roles and responsibilities for the City and the Zillah Chamber of Commerce
- A strong connection to the riverfront (Yakima River) and an appealing downtown environment that **draw visitors into the city**
- A **strong and true Zillah identity** and a **visible** and **positive image** inside and outside of the community
- A **strong relationship** with the **Zillah School District**

OPPORTUNITIES AND PROGRAMS INTENDED TO FOSTER ECONOMIC GROWTH

Streetscape Beautification: To a great extent, the City's ability to influence the built environment ends at the edges of the public right of way. Traditionally, the public right of way has been conceptualized as purely a transportation or utility corridor. Yet the public right of way is also perhaps the most visible element of the built environment. A coordinated system of landscaping improvements along the right of way has the ability to unify disparate districts and to create a sense of place which reflects (and can be reflected by) the built environment.

Efficient Public Improvements Program: The City's ability to coordinate infrastructure improvements prior to or concurrent with private development – and to anticipate the needs of private development – has a tremendous impact on the economic growth of the City. As a rule, the greatest risk for new projects occurs within the first twenty-four months of occupancy, so the ability of the City to avoid significant infrastructure impacts post-occupancy is of significant benefit. As part of these efforts, the adoption of policies that would ensure that recently-annexed areas are served by City services within a specific timeframe following annexation will enable these areas to be rapidly developed. Integration between the City's Annexation policies and Capital Improvement Plans, as well as the use of Latecomer payback areas or Local Improvement Districts, will aid in these efforts. Efforts to continue to publicize the purpose, phasing and goals of major capital improvements to offer assurances to business owners and potential developers regarding the City's commitment toward providing a quality infrastructure system are another major component of this section.

Stabilize Code and Fee Changes: The City of Zillah has sought to establish codes and fees that are innovative and flexible – two of the development community’s most requested elements. However a third request is consistency. Constant changes to the City’s regulations does not promote consistent reviews and may lead to the inefficient processing of applications. The City must reach an equilibrium where codes remain consistent but do not stagnate.

Targeted Business Outreach: In addition to attracting living wage jobs, the City should explore and adopt programs and practices that will identify businesses or business sectors that are growing and that may complement existing businesses or sectors within the Zillah Market Area. Once these business sectors are identified, the City and Chamber of Commerce should aggressively pursue these opportunities, and consider the range of incentive options that may be available for such recruitment.

IMPLEMENTATION

This document represents the City’s first Economic Development Element – and its first economic development strategy. Much of this document is intentionally general in nature and anticipates that economic development programs will be considered based on the text of this document and the goals and policies listed below. With this document, the City has established a framework for economic development without being so precise as to limit constant innovation. For example, this document generally does not seek to establish goals such as adding a specific number of new jobs or targeting specific industries – as such growth goals should be established based on subsequent analysis. The City expects to evaluate its progress towards the Vision and Desired Goals at least once every three years in order to measure its performance and to identify specific programs or areas of focus. This evaluation may include both short-term and long-term strategies and programs. In turn, these short and long-term strategies and programs will be communicated to the City’s stakeholders and partners for further implementation. If necessary, the City may create an Implementation Plan as a supplement to this chapter, and may also establish an Economic Development Commission that will recommend economic development programs and initiatives to the City Council. The Implementation Plan may describe specific strategies and programs in more detail, and may also include project leads, resource requirements, and other partnership opportunities. This Implementation Plan is expected to be a living public document that is not formally adopted by the City Council, though it may be used in support of budget items.

PLAN IMPLEMENTATION: OVERVIEW OF CITY AND COMMUNITY ROLES

The ultimate success of this plan will require a broad-based team of players to play leadership roles, take ownership, and do the hard work that lies beyond this planning process.

While the City of Zillah plays a critical role in implementation, there is a need for the Zillah Chamber of Commerce to supplement City actions, taking the lead on activities that cannot, or should not, be led by the City. This partnership is a defining feature of this plan and part of what makes the approach outlined here Zillah-specific.

Other organizations and partners will also contribute to plan implementation; however it is important that the City and a single community-based partner are the primary leads and contacts for economic development in the community. This focus will support coordinated efforts, concentrate activities, and provide clear points of contact for other partners, business owners, and residents.

The body of the plan details City and community partner actions, as does the more actionable Implementation Matrix. In general, these roles may be summarized as follows:

City of Zillah

- **Retention of existing and attraction of new commercial and industrial users**
- **Strategy, including investment in infrastructure and amenities**
- **Business recruitment (in partnership with a community-based org.)**
- **Improvements to City processes and adjustments to land use regulations**
- **Redevelopment of residential neighborhoods**

Zillah Business Association (Chamber)

- ❖ **Community promotion (in partnership with City and/or a community-based org.)**
- ❖ **Management of the Downtown, West, and East Zillah business districts**
- ❖ **Business retention and business support**
- ❖ **Business recruitment (in partnership with the City)**

SUMMARY OF PRIMARY ACTION ITEMS

The table below presents a summary of the Plan's larger action items over time, showing how prioritization of different strategies follows a phased approach to enhancing Zillah's economy and overall community vitality.

Note: The table on the following page shows action items only, not policy shifts and ongoing efforts.

I. Business and Development Climate

- ❖ Establish clear roles for the City and the Zillah Chamber of Commerce
- ❖ Identify a City lead for economic development issues
- ❖ Schedule regular breakfasts or lunches to hear from the business sector
- ❖ Make zoning adjustments and communicate the intention of retaining and increasing the majority of industrially zoned lands
- ❖ Enhance the City's development services
- ❖ Establish standards for commercial & industrial uses
- ❖ Create a City environmental sustainability plan and program

II. Grow Basic Industry

- ❖ Communicate importance of industry
- ❖ Meet with commercial and industrial business owners
- ❖ Support and promote the region's emerging wine industry sector
- ❖ Pursue grants to develop infrastructure on industrial land

III. Housing and Quality of Life

- ❖ Encourage residential development in/near Downtown
- ❖ Encourage residential development in/near Zillah Lakes
- ❖ Engage private sector partners to clean-up and redevelop neighborhoods
- ❖ Facilitate residential infill and redevelopment

IV. Retail Base

- ❖ Create an active business support and retention program
- ❖ "Manage" the Downtown, West, and East Zillah business districts
- ❖ Establish a common night for special events and extended hours
- ❖ Manage existing parking (City and Community)
- ❖ Establish a campaign to encourage residents to shop locally

- ❖ Proactively recruit new businesses (City and Community)
- ❖ Develop a long-term parking strategy for Downtown

V. Downtown Zillah

- ❖ Evaluate development opportunities for the City-owned parcels on First Avenue
- ❖ Promote special events Downtown
- ❖ Establish a Downtown Vision and Strategy
- ❖ Support downtown businesses during repaving (City and Community)
- ❖ Improve Downtown's walkability and streetscape (City and Community)
- ❖ Establish gateways and compelling reason to stop
- ❖ Invest in art and public spaces within Downtown

VI. Image and Identity

- ❖ Launch implementation of this Plan with celebration and commitment
- ❖ Refine and adopt a marketing and communication plan (City and Community)
- ❖ Develop marketing materials
- ❖ Enhance the City's website and create an email distribution list
- ❖ Develop a listserv and email newsletter
- ❖ Welcome new Zillah residents and businesses
- ❖ Improve the Zillah attractions map

GOALS, ACTION STRATEGIES, AND IMPLEMENTATION STEPS

These goals seek to lay the groundwork for future development by creating a supportive and business-ready environment for developers and business owners seeking to invest in the community. Important elements of this development climate include zoning and land use regulations and the processes by which the City reviews and permits new development. As this development climate is strengthened, items in

ADMINISTRATIVE STRUCTURE

Successful economic development efforts engage professional staff that receives policy direction from a board composed of both private and public sector leaders. The board may serve as advisory over the program and its budget.

TIMEFRAMES, PERFORMANCE INDICATORS AND EVALUATION METHOD

Six strategic economic development plan goals along with a specific listing of strategic initiatives have been proposed for Zillah. The economic conditions, which these goals are designed to address, will require a multi-year effort to achieve. However, incremental progress can be assessed in two ways. First, when the strategic plan is adopted, detailed activity/action plans will be written for each strategic initiative.

Although this progress data is useful for maintaining accountability for program progress, it does not address the fundamental question of whether the activities are bringing about positive change in Zillah's economic conditions. This form of impact data will need to be obtained from indicators that directly measure changes in the City's economic performance.

A wide variety of performance indicators exist and are tracked by various agencies. Any one measure is not adequate to give a complete picture of evolving changes in the City's economy. Therefore, it will be necessary to choose multiple indicators. Potential indicators that could be reviewed, on at least a semi-annual basis include the following:

1. Increase (decrease) in average household income
2. Growth (decline) in retail sales
3. Level of new capital investment
4. Net rate of new business starts/closures
5. Growth in tax receipts
6. Achievement of desired balance between commercial/ industrial and residential valuations
7. New housing starts
8. Population growth

The proposed advisory group and the Zillah City Council will need to decide which of these or alternative indicators will be used to gauge the impact of the strategic plan's implementation. Once the indicators are established, baseline conditions can be established for each.

DEMOGRAPHICS AND ANALYSES

This strategic economic development planning process is based on observations and analyses of ten detailed demographic and economic data sets and extensive field observations developed. This data resource provides the baseline and activity forecast information needed to gauge economic program success and identify future needs.

ELEMENTS OF A SWOT ANALYSIS

(Strengths, Weaknesses, Opportunities, Threats)

<p>STRENGTHS <i>(Local issues or characteristics that can be built upon to advance current and/or future economic growth opportunities)</i> A strong community An evolving employment base A downtown with great character Safe community Strong Senior support group Great Volunteerism Excellent School District</p>	<p>OPPORTUNITIES <i>(External events or trends that offer potential for economic growth and attraction for business development)</i> Close to wineries Teapot Dome Historic site Firefighters Memorial Veterans Memorial Close to wine/agricultural tourism Near I- 82- Exit 50, 52, 54 Local Shopping & Eating Join w/ surrounding communities and wineries - Info sharing/distribution</p>
<p>WEAKNESSES <i>(Local issues or characteristics that, if not addressed effectively, can limit current and/or future economic growth opportunities)</i> Limited commercial & industrial zoned area Limited or no tourism amenities Limited- shopping local</p>	<p>THREATS <i>(External events or trends that, if not addressed effectively, can threaten economic growth and attraction for business development)</i> Segmentation of the business districts (Zillah Lakes, Zillah West/Vintage Valley, Downtown) City of Yakima City of Sunnyside City of Toppenish Loss of support from outside resources Outside Agency regulations</p>

Goals & Policies

Economic Development Goal #1: Promote growth and diversity in the local economy to provide a strong tax base and offer varied employment opportunities.

Economic Development Policy #1.1: Maintain the character of the downtown commercial district and encourage the construction of new buildings that are of comparable architecture to the current downtown setting.

Economic Development Policy #1.2: Encourage commercial design that will maintain the traditional downtown area as a focal point for community life and promote face-to-face interaction.

Economic Development Policy #1.3: The City should actively seek to support family oriented activities in the Downtown.

Economic Development Policy #1.4: Encourage the redevelopment/revitalization of rundown and/or underutilized commercial areas.

Economic Development Policy #1.5: The City should explore as opportunities may arise, strategies to promote the shared use or consolidation of public facilities in the Downtown. This may include, but is not limited to the shared use of School District, County, Fire District, and/or City maintenance facilities, or the shared use of meeting spaces and administrative facilities.

Economic Development Policy #1.6: The City should periodically review its development regulations with special consideration given to revisions that will support new business development activities and new investment in the Downtown consistent with the Goals and Policies of this Comprehensive Plan.

Economic Development Policy #1.7: The City, in partnership with the Chamber of Commerce and affected business and property owners, should:

- a. Identify and prioritize opportunities to improve the appearance of public facilities and places in the downtown.
- b. Review the "Old World" Theme and/or design standards to guide future development and the renovation of buildings in the downtown;
- c. Establish landscape standards for all non-residential areas;
- d. Promote shared parking in the Downtown; and
- e. Encourage the use of fountains or other inviting public features in new developments.

Economic Development Policy #1.8: The City should explore strategies opportunities to connect the Downtown with the commercial district near the north freeway interchange (Exit # 52).

Economic Development Policy #1.9: It is the intent of the City to establish a tourism center/park as a gateway to the community in the vicinity of Exit #52 from I-82.

Economic Development Policy #1.10: Encourage development of a wide range of commercial uses to support local and regional needs, including those of the traveling public.

Economic Development Policy #1.11: The City should actively seek to support winery and fruit industry related tourism and business development opportunities in the community.

Economic Development Policy #1.12: The City should establish and maintain a joint promotional marketing program with the neighboring communities of Toppenish, Wapato, Granger, and others as appropriate.

Economic Development Policy #1.13: In an effort to support tourism related activities, the City should review and update its ordinances governing signs and establish a regular sign maintenance program.

Economic Development Policy #1.14: Encourage the development of new motels and bed and breakfast inns. In doing so the City shall:

- a. Establish procedures to review and approve proposed new developments as conditional uses in all zones;
- b. Establish appropriate off-street parking standards; and
- c. Establish standards to ensure the privacy of neighbors and the compatibility with surrounding uses.

Economic Development Policy #1.15: Priority consideration should be given to locating a new multi-purpose City Hall facility in or near downtown.

Economic Development Policy #1.16: The City's Development Regulations should be reviewed and revised to encourage mixed-use residential developments and housing in the downtown.