



NORTH END MARKET STUDY

FINAL REPORT

April, 2014

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EXECUTIVE SUMMARY

ES 1.0 STUDY OVERVIEW

As an economic development agency for the region, the Port of Douglas County (the Port) facilitates and invests in economic development efforts within Douglas County. The goal of this project is to **“spur development of job-creating industry and tourist recreation opportunities within the Greater East Wenatchee Urban Area”** – specifically in the North End area of the East Wenatchee urban growth area. The City of East Wenatchee has grounded its land use planning for the area in partnership with Douglas County. The comprehensive plan identifies the uniqueness and potential community economic development impacts that growth in the area can have.

ES 1.1 Key Project Elements

Infrastructure Planning and Market Analysis

To support this goal, the Port initiated two studies: an infrastructure needs assessment and a market and economic competitiveness study. RH2 Engineering completed a North End Planning Study Needs Assessment and Facilities Master Plan report in January 2013 in advance of the market study. BERK conducted the market and economic competitiveness study for the project.

The Needs Assessment and Facilities Master Plan identified infrastructure needs and requirements, particularly transportation and utilities, to support development within the study area. It also provided preliminary recommendations on infrastructure improvements based on the needs identified and the possible location of those facilities.

The market study was broken into three major components: 1) a Regional Market Analysis completed in April, 2013; 2) a Land Use Competitive Assessment completed in July, 2013; and 3) a Market Strategy and Implementation Plan completed in February, 2014. The results of the market study are intended to support the development of a coordinated Capital Facilities Plan for the area and the overall development of the North End study area.

The findings from the economic market analysis and competitive assessment helped to guide the creation of the market strategy and implementation plan. After the competitive assessment was completed, RH2 Engineering worked with BERK to determine the different infrastructure needs for the land use and development concepts reviewed in the competitive assessment. Regardless of the development concept or combination of concepts, this work determined that the development of the site would require the same initial infrastructure improvements to support development in the study area.

Infrastructure Summit

After the project work for the North End Area Market Study was complete, the Port of Douglas County hosted a public meeting, or Infrastructure Summit, on March 12, 2014 for elected officials and staff from all of the jurisdictions and service providers overlapping the North End study area. The meeting reviewed the findings of the Regional Market Analysis and Land Use Competitive Assessment and provided two local case studies of how the East Wenatchee Water District and the City of Wenatchee addressed the financial challenges of funding infrastructure improvements. Lastly, elected officials and staff broke out into small groups to discuss the challenges and opportunities for them coordinating planning and infrastructure development within the study area.

ES 1.2 Study Area and Planning Context

The overall North End study area is 300 plus acres located to the north and south of U.S. Highway 2 and 97 in the East Wenatchee urban growth area. The primary study area is located south of US Highway 2 and 97, north of Goldcrest Street, and west of Sunset Highway to the Columbia River. The primary study area is 215 acres in size, and 80 plus acres is currently Washington Department of Transportation highway right-of-way or owned by the Chelan County Public Utility District. Properties in the remainder of the study area have multiple different owners. The largest of these property owners is the Wenatchee Valley Medical Center, which owns about 43 acres west of Cascade Avenue south of US Highway 2 and 97. The area is mostly vacant with some orchards and homes scattered throughout.

Exhibit 1 Study Area



Source: RH2 Engineering, 2014

The study area has limited infrastructure for transportation, sewer, water, cable, and electricity. The road system off the highway is rural in nature, and much of the land within the study area does not have nearby road access. In addition, access to US Highway 2 and 97 from the study area is limited to Northwest Cascade Avenue, which recently changed to a right turn in and right turn out access only, and 35th Street where it intersects with Sunset Highway. Much of the study area that is not already developed does not have sewer service.

Included in the study area is the Apple Capital Recreation Loop Trail, which follows the Columbia River. The trail is within right-of-way owned by the Washington State Department of Transportation (WSDOT). The State plans to surplus the land that is not a part of the trail. The City of East Wenatchee already has ownership of the area 25 feet on either side of the corridor centerline inside the city limits and Douglas County has ownership of the same area for portions of the trail outside the city limits.

About half the area is currently zoned Waterfront Mixed Use, and the other half is zoned General Commercial. The Greater East Wenatchee Comprehensive Plan indicates the General Commercial (GC) zone is intended to allow a variety of commercial uses and varied job opportunities. The GC zone within the study area is intended to develop as a master planned project. The Waterfront Mixed-Use zone is intended to allow a variety of recreational and commercial activities along with secondary residential uses that take advantage of and enhance the shoreline area along the Columbia River, specifically water-related and/or water-dependent uses.

ES 1.3 Regional Market Analysis Findings

The Regional Market Analysis reviewed the current regional economic situation and identified near- and long-term opportunities for development within the study area. Overall, the study area is well positioned for development for a variety of uses given the assets of the study area, including regional accessibility from US Highway 2 and 97, visible location, views of the Cascade Mountains and proximity to the Columbia River. The study area is also one of the last large pieces of mostly vacant land within the Wenatchee and East Wenatchee Urban Growth Areas.

In the near-term, several different types of uses are more competitive and/or have had recent developer interest. However, these uses are primarily lower intensity uses. Development of the study area with these types of uses would likely cannibalize demand from another part of the community, essentially shifting taxes and jobs, but not growing them regionally. While many higher intensity uses that would support more sustained economic and job growth are not likely to happen in the near-term, the market pressures for these types of uses will intensify as the region matures.

Key findings from the market analysis include:

- The study area is large, and it is unlikely that one single project would use the entire area. Accommodating multiple types of projects and phases will be important going forward.
- The site features a number of large properties with single ownerships. As a result, property assemblage should pose less of a hurdle to future development.
- Infrastructure issues notwithstanding, the area is mostly a greenfield opportunity and does not face challenges that infill development often faces (e.g. the need for higher land rents to offset existing property income streams).
- Certain uses will likely have preferences on whether they want to orient to the water/views or towards access to the regional transportation facilities. Water and shoreline access and views will be an important aspect for tourism and specialty uses.
- In the near-term, there are several uses that are closer to market-feasible as allowed under zoning in the study area including regional retail use, multi-family residential as part of a mixed-use development, limited office, and some recreation/tourism related uses.
- Some of the near-term opportunities could develop at low intensities and may not have as sizable economic and social impacts for the region as more intense development.
- Some longer-term and more aspirational opportunities, such as mixed use development, office development, business incubators, and regional recreation and tourism facilities, have potentially larger economic and social impacts would likely entail some form of public – private partnership.

ES 1.4 Study Area Infrastructure Needs

Based on the North End Planning Study Needs Assessment and Facilities Master Plan report, RH2 Engineering worked with BERK to determine the specific infrastructure needs for the development of the land use concepts reviewed in the competitive assessment. Regardless of the development concept

or combination of concepts, this work determined that the development of the site would require the same initial infrastructure improvements to support development in the study area.

Two key infrastructure improvements required include providing a road network for access to the area and a sanitary sewer system. Other utilities, such as telecommunications, cable, power, and water, would also likely be installed at the same time as road improvements. Sewer improvements would require the extension of an existing sewer main up Empire Avenue to the study area and continuing the main through the study area. Road network improvements include the extension of Empire Avenue north and the extension of 35th Street NW and 38th Street NW to connect to an extended Empire Avenue.

Currently, sewer service does not reach the study area, and Empire Avenue south of the study area needs to be improved to meet current standards. Before improvements within the study area can be made, Douglas County and the Douglas County Sewer District would need to improve the roadway and extend sewer infrastructure up to the south end of the study area. These improvements include:

- Improve/enhance Empire Avenue from 27th Street to 35th Street. This project is currently on Douglas County's TIP.
- Extend sewer main along Empire Avenue from 29th Street to 35th Street. This project is currently on the Douglas County Sewer District's CIP, and this work should to occur concurrently with the improvement of Empire Avenue to realize cost efficiencies.

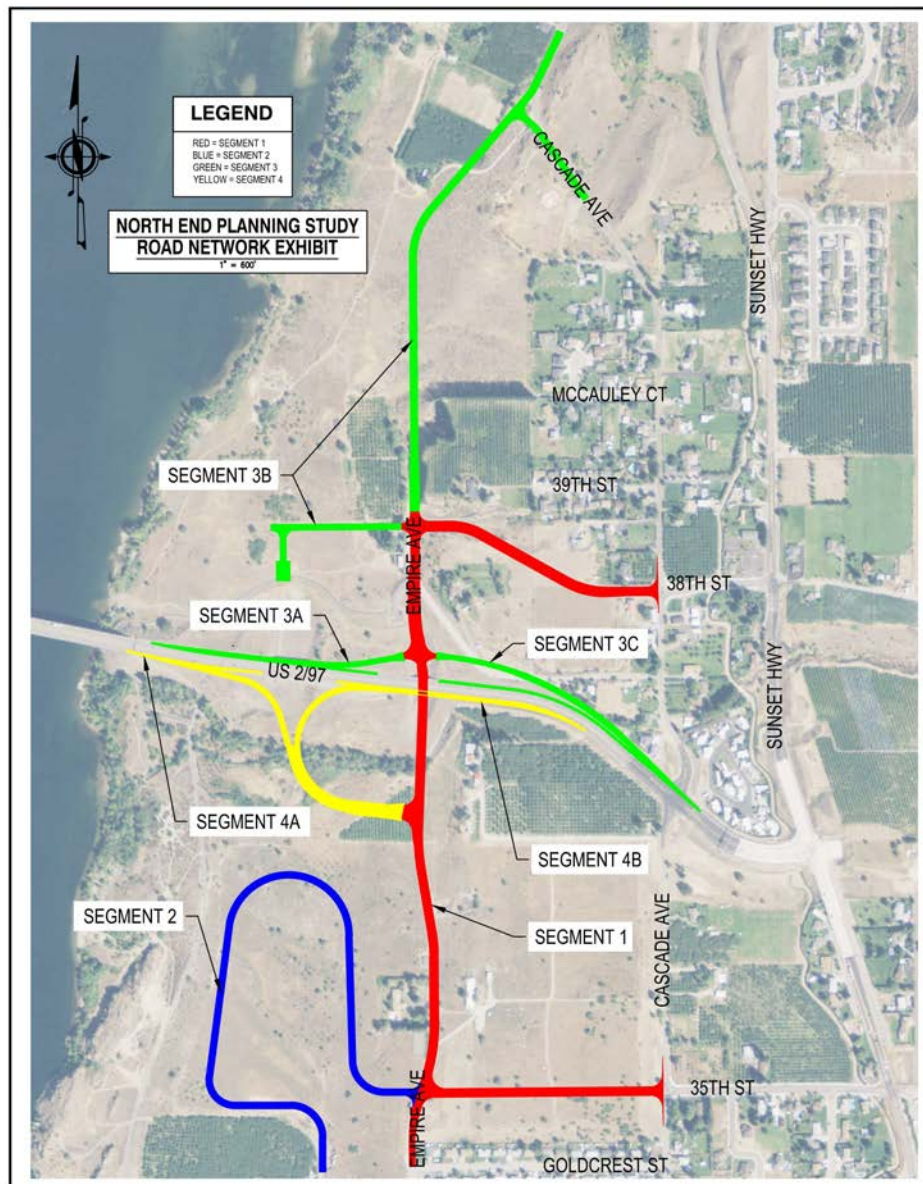
Constructing these initial investments has a number of challenges, and these challenges are addressed in this implementation plan. Particular challenges include:

- Currently, there is no common vision for the development of the site among property owners and/or public service providers.
- There are a number of service providers with responsibilities for infrastructure and regulatory review within the study area. Political support and coordination among all stakeholder agencies will be important in moving forward.
- Infrastructure improvements need to be timed with demand for development to realize an economic return on the initial investment.
- Development within the study area may not be high intensity enough to financially justify the cost of the infrastructure improvements.
- Financial limitations and the cost of the improvements hinder the ability to coordinate infrastructure improvements and provide improvements that are timed with demand for development. In addition, service providers have other capital projects that they must prioritize with the improvements within the study area.

Road Network

Currently, there is no road access to the interior parts of the study area. The total cost of a basic road network to provide access within the study area is an estimated \$26.2 million. These improvements can be built as individual segments as the area builds out. The first segment likely needed extends Empire Avenue into the study area, eventually up to 38th Street, and the extension of 35th Street or similar connection west to meet Empire Avenue. Roads providing internal circulation within the study area are assumed to be the responsibility of the private developers and will be built as the study area develops over time.

Exhibit 2
Conceptual Road Network Map



Source: RH2 Engineering, 2013; BERK, 2013

Sewer System

Currently, there is no sewer system within the study area. Improvements needed in the study area include two different gravity mains and two separate lift stations totaling an estimated \$4.83 million. This figure does not include the cost of extending a sewer main up Empire Avenue to the southern edge of the study area before the main can be extended through the study area.

Water System

An existing water main currently runs through the study area. As development occurs, internal system extensions will be needed to connect to this water main. These extensions will be funded primarily by developments as they occur.

Power & Communication Systems

Internal system extension will be needed to connect to existing power lines, telephone lines, and cable networks. These utilities are generally located within right-of-ways and included as roads are developed within the study area.

ES 1.5 Infrastructure Summit

The Infrastructure Summit discussed the challenges and opportunities for coordinated infrastructure planning and development within the study area. The discussion from each of the breakout groups had some common themes related to these challenges and potential solutions, which are summarized below.

Challenges

- Each jurisdiction has its own responsibilities and set of policies, which do not always align with other organizations.
- There is no plan of the study area beyond the current comprehensive plan designations.
- Each organization has different funding sources and challenges, yet many infrastructure improvements need to occur at the same time to realize cost efficiencies.
- The costs and risks for making the initial infrastructure improvements is not distributed equally among the different organizations.
- There is a risk of development not materializing to justify investment in infrastructure.
- Communication among jurisdictions at the elected official and staff level could be improved.

Solutions

- A master plan is needed for the area, specifically for creating an agreed upon vision and capital facilities.
- Organizations need to coordinate policies on growth and development.
- Pursue a common funding source.
- Start a public process to engage property owners to talk about district-wide planning
- Ensure that the development in the study area has a return on investment to justify the spending on infrastructure improvements.
- Determine what share private development should pay.
- Consider inter-local agreement to pursue joint funding.
- Establish regular meetings of elected officials from each agency.
- Appoint a coordinator to move the process along.

These comments and the findings from the previous work informed the development of the implementation plan detailed in the following section.

ES 2.0 ROAD MAP FOR MOVING FORWARD

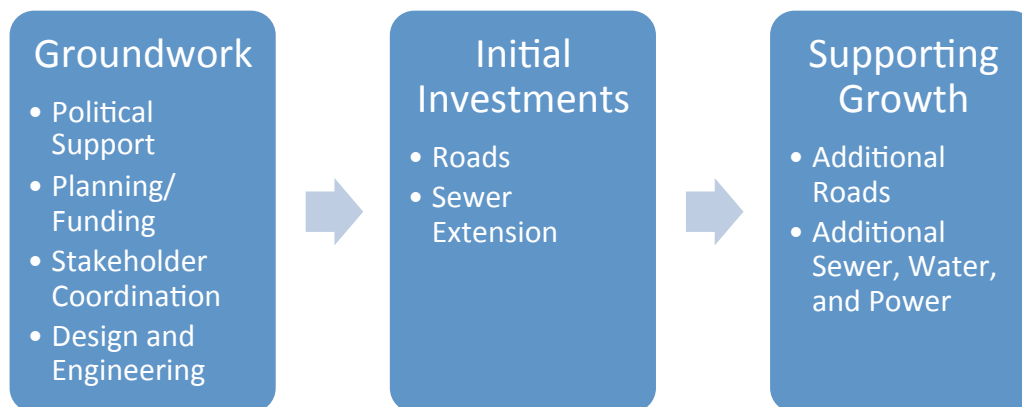
The findings from the Regional Market Analysis and Land Use Competitive Assessment are meant to guide the creation of a roadmap for moving forward. Investing in infrastructure in the area faces a number of particular challenges, including:

- There are a number of service providers with responsibilities for infrastructure and regulatory review within the study area. Political support and coordination among all stakeholder agencies will be important in moving forward.
- Before investments are made in infrastructure improvements, a policy and regulatory framework that addresses the role of infrastructure in supporting development could provide more certainty for public and private interests.
- Public funding for infrastructure is a scarce resource. Public investments in infrastructure improvements should be timed with demand for development to realize an economic return on those investments.
- A challenging environment for funding, particularly for the development of the road network, hinder the ability to coordinate infrastructure improvements and provide improvements that are timed with demand for development. In addition, service providers have other capital projects that they must prioritize with the improvements within the study area.

The construction of the infrastructure improvements needed for the development of the site requires the involvement of a number of stakeholders, each with their own mandates, goals, and responsibilities. As a result, the coordination of all the stakeholder agencies on planning, funding, and construction is important for meeting the study area's infrastructure needs and realizing the private development envisioned in the study area.

The process from the present to full buildout of the site has three different phases that build on each other sequentially. Exhibit 3 shows the phases and broad components of each one. To begin the process, there needs to be a common vision for the study area among all stakeholder agencies, and an agreement to pursue that vision before the initial planning and construction processes can move forward.

Exhibit 3
Framework for Stakeholder Action



Source: BERK, 2013

The first “groundwork” phase includes near-term actions that lay the groundwork for coordinated infrastructure funding and construction among the stakeholders. This phase requires getting each individual stakeholder agency on board with investing in infrastructure to support the development of the study area, creating a common vision and plan for the development of the area, and various due diligence tasks needed from each stakeholder before any improvements can be built.

The initial investment phase includes mid-term construction of key initial infrastructure improvements to provide transportation access, sewer service, and utilities to the study area. These first investments will likely have been funded in partnership with local agencies and private development interests.

Lastly, supporting growth includes longer-term construction and extension of additional infrastructure improvements as development occurs. In addition to providing an infrastructure backbone, internal service connections for water, sewer, power, and roads will also be constructed. Some of this infrastructure is funded by the local agency and, increasingly, by private development as it occurs.

ES 2.1 Action Items

The following action items outline a potential path for navigating the early Groundwork phase.

Action Item #1: Convene an Advisory Committee on Joint Infrastructure Planning

Following the Infrastructure Summit, elected officials and staff from each jurisdiction should continue to meet to build and maintain support for working together and to facilitate better communication between organizations. The Advisory Committee should meet to discuss key planning issues for their respective jurisdictions, and provide recommendations back to their respective agencies for moving together as public service providers to support coordinated, efficient, effective, and meaningful community development. The Port of Douglas County can take a lead role in organizing and coordinating these efforts. The Port and other stakeholders should also conduct outreach to individual stakeholder agencies and property owners to build and retain support.

Action Item #2: Create a Vision, Subarea Plan, and Streamlined Permitting Process for the Study Area

While much of the regulatory framework is in place to accommodate the type of desired uses, a master site planning process could help bring public and private stakeholders together to develop a common vision for the area with a more concrete regulatory framework for infrastructure improvements and development entitlements.

Stakeholders may want to look into the option of doing a Planned Action Environmental Impact Statement (EIS) for the study area. A Planned Action EIS is a subarea planning process that studies the environmental impacts of different development alternatives of a subarea plan. This process shifts the State Environmental Policy Act environmental review up to the subarea planning level instead of the project permit stage, streamlining the development process.

Action Item #3: Continue Infrastructure Planning and Develop a Capital Funding Strategy

Coordination among stakeholders' infrastructure planning will enable the necessary pieces to be in place when infrastructure improvements need to be made. Stakeholder agencies should include the necessary projects in their capital improvement plans and develop capital strategies for those improvements before any detailed infrastructure engineering design and construction can begin.

Action Item #4: Pursue the Use of General Local Capital Funding/Financing Tools

Public resources for infrastructure funding are more limited and competitive, as federal and state monies have not kept pace with project demands. The long-range funding strategy for the area is likely to need to continue to employ traditional approaches to funding infrastructure as explained below. However, it is pertinent to consider newer, specialized funding approaches that leverage district and regional based tools to provide funding for infrastructure. Some of these tools are specified below.

Traditional Funding Options

Infrastructure improvements are often a financial challenge for local service providers to fund. As a result, local service providers blend different funding sources together to pay for projects. Traditional funding sources include project-level mitigation, existing local capital revenues, both of which can be and are often supplemented with state and/or federal funds and programs.

Specialized Funding Options

Given the limited amount of local revenue and the competitiveness of state and federal funds, stakeholders should also consider other specialized or innovative funding options that might be a good match for the area - including:

- **Community Revitalization Financing:** a form of tax increment financing from local property taxes generated within the area.
- **Community Facility Districts:** allows cities and counties to finance infrastructure improvements through establishing a special assessment district for a variety of improvements including water, sewer, roads, storm drainage, sidewalks, and other forms of infrastructure. The formation of a district requires 100% of property owners within the district to sign a petition to form the district.
- **Local Improvement Districts or Road Improvement District:** levy a special assessment on properties within the district to pay for infrastructure improvements that would benefit from those improvements.
- **Transportation Benefit Districts:** may be established for the construction and operation of improvements to county roadways.
- **Late-comer agreements:** allow property owners who have paid for capital improvements to recover a portion of the costs from other property owners in the area who later develop property that will benefit from those improvements.

NORTH END MARKET STUDY

1.0 REPORT ORGANIZATION

The remainder of the report discusses the three different components of the North End Area Market Study in more detail.

- **Regional Market Analysis.** This section provides an overview of the study area and then the strengths and weaknesses of the regional economy, compares Wenatchee's economic performance to other peer regions, and focuses on implications for land uses in the study area.
- **Land Use Competitive Assessment.** This section assesses the competitiveness of five land use and development opportunities identified in the market analysis and selected by the project advisory team to determine the most feasible and realistic option(s) for developing the North End study area.
- **Market Strategy and Implementation Plan.** Lastly, this section provides a road map for all stakeholders involved in the planning process to move forward in a coordinated process, and it lists four different action items local jurisdictions and service providers can pursue.

2.0 REGIONAL MARKET ANALYSIS

The market analysis is intended to provide an understanding of the regional economy and identify broad drivers for a range of opportunities for future development in the study area. In addition, the opportunities identified by the market analysis was intended to help RH2 Engineering identify infrastructure needs to support the range of potential uses in the study area.

The findings from the market analysis also informed later phases of the project, including the selection of specific land use opportunities for further analysis, and the development of the Market Strategy and Implementation Plan to provide a roadmap for moving forward.

The analysis provides an overview of the strengths and weaknesses of the regional economy. It then reviews key findings from a number of economic and market studies that have been conducted over the last several years. This market analysis provides updated data, especially for employment, but does not attempt to duplicate these previous efforts. Instead, it focuses on implications for land uses in the study area. The analysis is structured into the following the subsections:

- **Regional Economic Strengths and Weaknesses.** This section reviews previous market studies, the regional retail performance, employment trends, and industry concentration and change overtime.
- **Peer Region Assessment.** This section looks at ten other "peer" regions in the Northwest and Inter-Mountain West to understand their economic drivers and economic development efforts.
- **Land Use Opportunity Assessment.** Lastly, this section synthesizes the range of opportunities for the study area, how they fit within the region's economic development efforts, and the challenges and risks of different opportunities.

2.1 Regional Economic Strengths and Weaknesses

This section assesses the region's economic strengths and weaknesses based on previous market studies as well as updated analysis of taxable retail sales, employment, and building permits. In addition, the analyses' findings were supplemented by interviews with local developers and economic development representatives.

Previous Market Studies

Several regional market analyses have been completed in the last several years, two of which, the Cashmere Mill site and North Wenatchee Avenue Transportation Plan market analyses, were done by BERK.

Port of Chelan County, Cashmere Mill Site (2009)

This study focused on potential commercial and industrial uses for the redevelopment of the Cashmere Mill site. Key findings from the study include:

- Chelan County has an adequate industrial land supply in the short- to mid-term.
- Demand for new industrial uses is likely weak in the short- to mid-term.
- The Port of Chelan County currently has land holdings that are better situated for commercial and/or industrial development.
- Agriculture tourism uses at the Cashmere Mill site would likely be the most compatible and feasible with the Port's current cluster economic development strategy.

Wenatchee Valley Transportation Council, North Wenatchee Avenue Transportation Plan (2009)

This study evaluated the types and density of potential land uses that may locate along the North Wenatchee Avenue Corridor with the purpose of informing the North Wenatchee Avenue Transportation Master Plan. Key findings included:

- Retail activity in the Wenatchee Valley is regional and auto-oriented, and will likely be into the future.
- Recent retail growth in the region has tilted to East Wenatchee.
- Demand for mixed-use and higher density multi-family development is limited, and the redevelopment of North Wenatchee Avenue may compete with Downtown and the Waterfront District for the limited demand.
- The region has enough capacity to accommodate the likely demand for office uses into the future.

Consolidated Plan, Economic Development Market Analysis (2012)

This economic development market analysis provides a comprehensive overview of the Wenatchee area's local economy and demographics to provide a common baseline and inform the creation of economic development strategies for the next five years. Key findings from the analysis include:

- Government is the primary income producing sector. Health care, agriculture, retail trade, and real estate are the other major sectors in the local economy.
- Wages in the Wenatchee Valley are higher than typical for regions dominated by agriculture production.
- Retail trade is a key sector of the local tax base, and competition among local jurisdictions may limit the region-wide potential for coordinated marketing efforts. This especially impacts the City of Wenatchee and its tax base.
- Small business is a large driver of local employment, with 84% of business employing five or fewer employees.
- One quarter of all retail sales come from just 48 businesses.

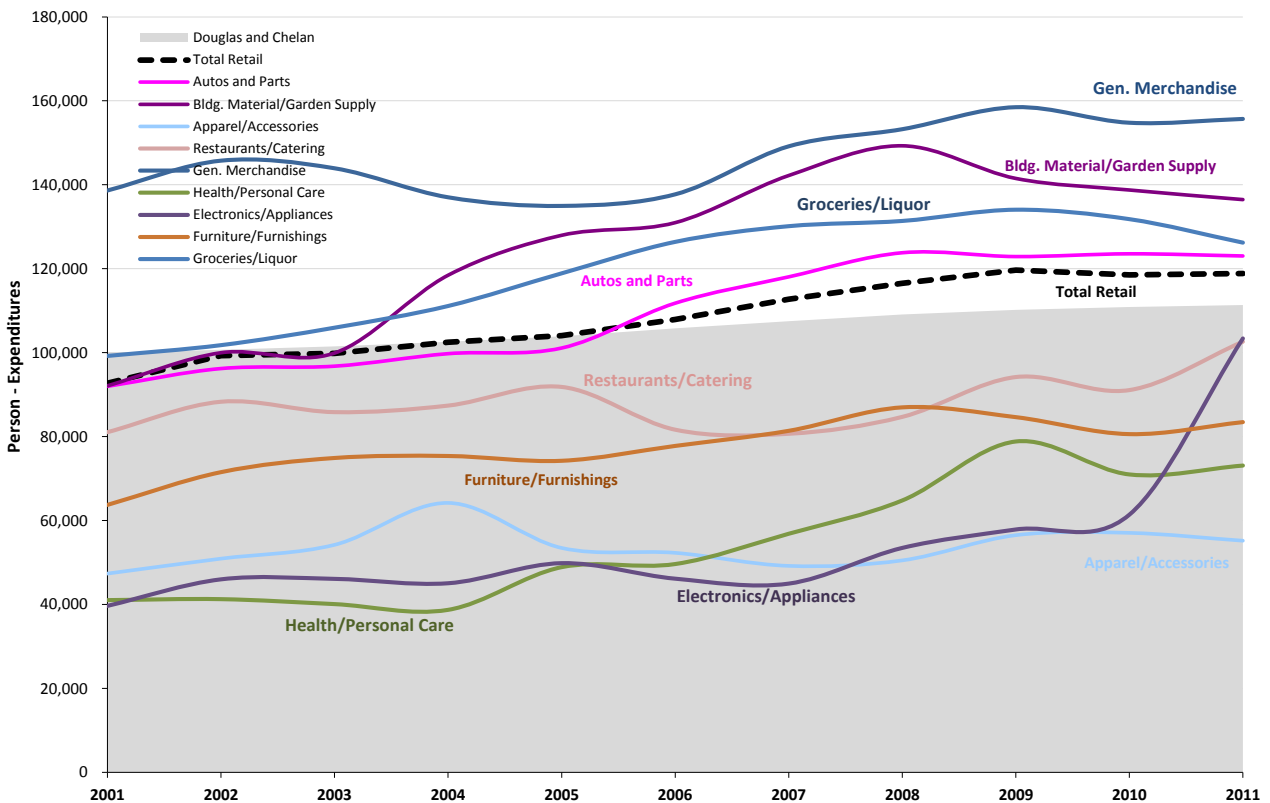
- The capture area of the Wenatchee Valley is larger than the population base. In addition, anecdotally, higher end food and lodging establishments perform well in Wenatchee and may be an opportunity for growth and leakage capture.
- Intangible assets, such as recreation opportunities, arts and cultural facilities, and social capital, provide an advantage for the region.
- The land supply is constrained, and promoting redevelopment is important and a challenge.
- The region's labor force is not skilled and educated enough. As a result, wages are relatively low and competition for low wage jobs is high. Efforts for improving skill development, especially among youth, will be important for maintaining a skilled labor force as baby boomers retire.

Retail Sales Trends

Douglas and Chelan Counties combined are a regional retail center for North Central Washington, and capture a slightly larger amount of retail spending relative to the counties' combined population total. For this analysis, retail capture is measured by person expenditures, which measures market size based on the amount of average spending per person, statewide (one person expenditure represents a little over \$7,000). Areas that capture retail spending from outside the local area will have person expenditure totals that exceed the total population, as is the case with Douglas and Chelan Counties.

In 2011, the two counties had a total population of 111,350. The amount of retail spending in the two counties was the equivalent of almost 118,874 person expenditures, slightly above its 2012 population. When the number of person expenditures is below the population level, it indicates spending is leaving the community for other markets, which is known as retail leakage. In this case, the higher number of person expenditures translates into roughly \$50 million in "imported" taxable retail sales into the two-county region.

Exhibit 4
Douglas and Chelan County Person Expenditures, 2001-2011



Source: Washington Department of Revenue, 2013; BERK, 2013

The Douglas and Chelan County area is especially strong in capturing retail spending on everyday and household items, as indicated by the high number of person expenditures for the general merchandise, building material/garden supply, and grocery/liquor categories. Not surprisingly, these categories are those most related to spending coming from pass-through traffic and tourism. The increase in building materials/garden supply person expenditures in 2003 is likely due to the construction of a Home Depot store in Wenatchee, which is now capturing sales from outside the two-county area.

Restaurant/catering person expenditures are less than the total population, indicating there is potential to capture more spending in this category. In addition, the area is not as strong in capturing specialty items, such as apparel, electronics/appliances, furniture/furnishings, and health/personal care, indicating it is leaking spending on these items to other areas.

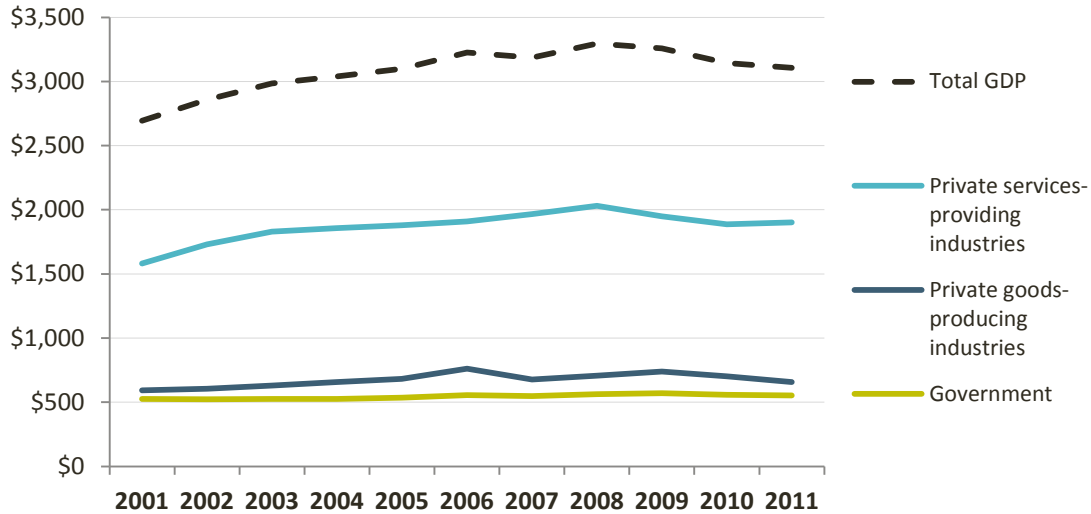
Overall, the two-county region has increased its capture of total retail spending. Most retail categories have been relatively stable over the last ten years. However, a few categories have steadily increased, including building materials, groceries/liquor, and auto parts. Electronics/appliances had a sizable increase from 2010 to 2011. The increase in building materials/garden supply and groceries/liquor has probably helped increase the areas total retail person expenditures, which was below or at the area’s population level from 2001 to 2005.

Regional Gross Domestic Product

Gross Domestic Product (GDP) is the total value of goods produced and services provided in an area during a year. The regional economy in 2011 was valued at roughly \$3.1 billion, and total GDP has increased in real (inflation adjusted) dollars since 2001. However, total GDP has decreased since 2008 with the start of the recession. About 80% of the economy is in private industry. The chart below

provides a break out of the region’s economy between goods and services oriented firms. Two-thirds of the economy is in the service providing industry, and this sector was responsible for 75% of the growth in total real GDP since 2001.

Exhibit 5
Wenatchee Metropolitan Statistical Area Real GDP, 2001-2011

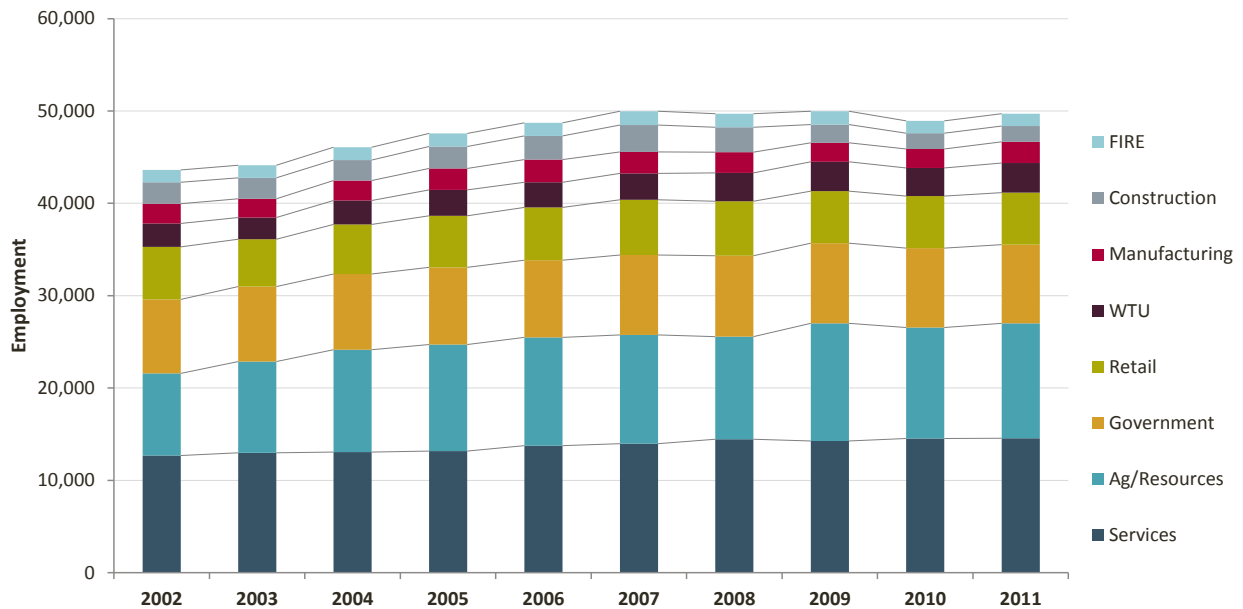


Source: Bureau of Economic Analysis, 2013

Employment Trends

The overall total number of jobs, based on covered employment totals, increased steadily in Douglas and Chelan Counties from 2002 to a high of 49,970 by 2007. With the start of the recession in 2008 the number of jobs dipped to a low of just under 49,000 in 2010. By 2011 the total number of jobs increased to 49,716.

Exhibit 6
Douglas and Chelan County Employment by Sector, 2002-2011



Notes:

FIRE = Finance, Insurance, and Real Estate

WTU = Wholesale Trade, Transportation, and Utilities

Source: Washington Employment Security Department, 2013; BERK, 2013

Services (including professional services, information services, arts and recreation, education services, and health care) are the largest sector in Douglas and Chelan Counties with 30% (14,545) of all jobs in 2011. The agriculture and resource sector is also sizable with 25% of total jobs in the region. Government services and retail trade are the next largest sectors. Combined, these four sectors account for over 80% of all jobs in the two counties.

The agriculture and resource sector grew the most from 2002 to 2011, increasing by over 3,500 jobs, which accounts for more than half of all job growth over that period. Agriculture and resources also grew at the fastest rate with an average annual growth rate of 3.8%.

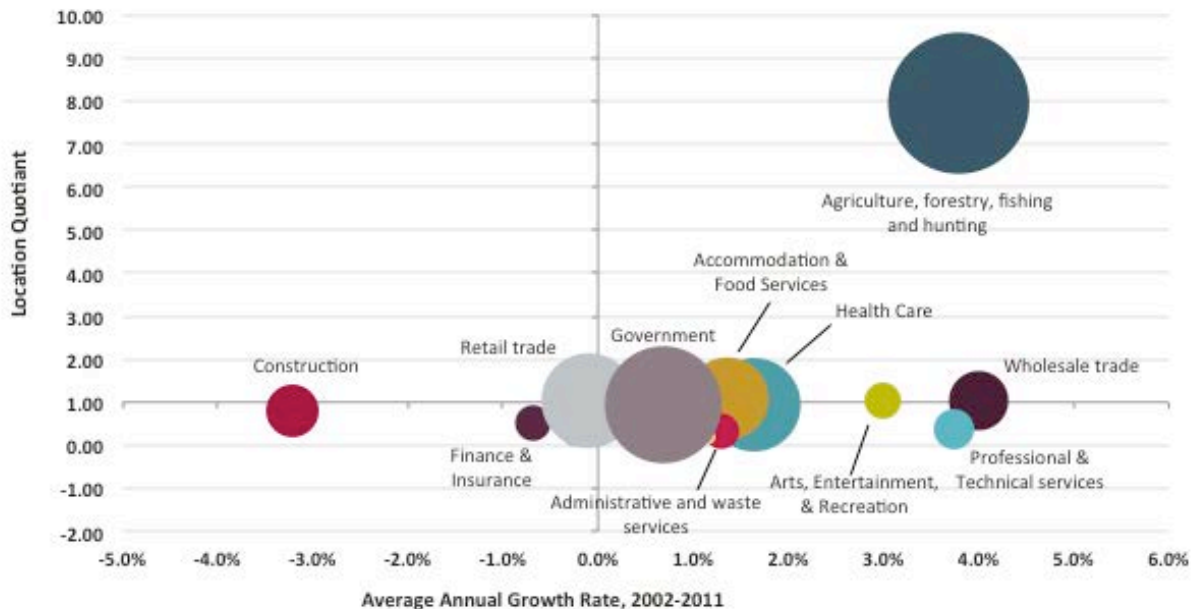
The only sector that lost a significant number of jobs was construction, which decreased by 588 jobs since 2002. Almost all of the job loss occurred after the recession started in 2008. The retail sector fluctuated with the economy and lost a large number of jobs from 2002 to 2003 and again starting in 2008, but had strong growth in between. Overall, the retail sector ended with just 48 fewer jobs in 2011 than there were in 2002.

Industry Cluster Analysis

The industry cluster analysis evaluates sectors based on how concentrated employment is in the local economy – Douglas and Chelan Counties in this case – relative to a larger reference economy, such as Washington State. Sectors with a location quotient of 1.0 are concentrated at a level typically seen in the larger reference economy. Those sectors above 1.0 indicate employment is more predominate than the reference economy. For Douglas and Chelan Counties, most of the larger sectors are around 1.0. However, the agriculture, forestry, fishing, and hunting sector is highly concentrated with a location quotient of 7.9.

The chart below shows the size, concentration, and growth of each employment sector. The larger the circle, the more jobs it represents. The higher on the Y axis, the more concentrated the sector; and the farther to the right on the X axis, the faster employment grew over the ten year period. Larger circles in the upper right of the chart identify sectors that are significant drivers of the local economy.

Exhibit 7
Douglas and Chelan County Employment Change, Size and Concentration, 2002-2011



Source: Washington Employment Security Department, 2013; BERK, 2013

The Douglas and Chelan County region's main industry cluster is the agriculture, forestry, fishing and hunting sector, and it is the largest driver of employment in the local economy. A small but notable piece of this sector is beverage product manufacturing, which includes wineries. This subsector had no jobs in 2002, but increased to over 200 jobs by 2011.

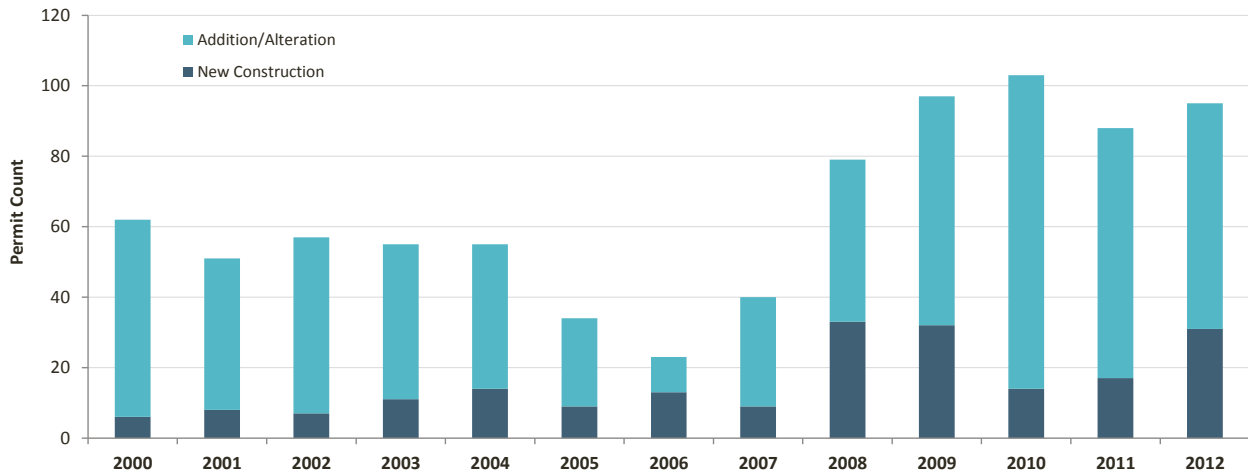
Other sectors, such as retail, health care, government, accommodations and food service, and wholesale trade, are also strengths of the local economy. However, these sectors are not especially concentrated to what one would expect relative to the rest of Washington State.

Sectors struggling include construction, which lost jobs as discussed in the section above. A number of the commercial service sectors are small with regards to total employment and are not that concentrated in the local economy. Professional and technical services and arts, entertainment, and recreation are two of the faster growing sectors in the local economy, which may indicate they are emerging as the Douglas and Chelan County region grows.

Commercial Building Permits

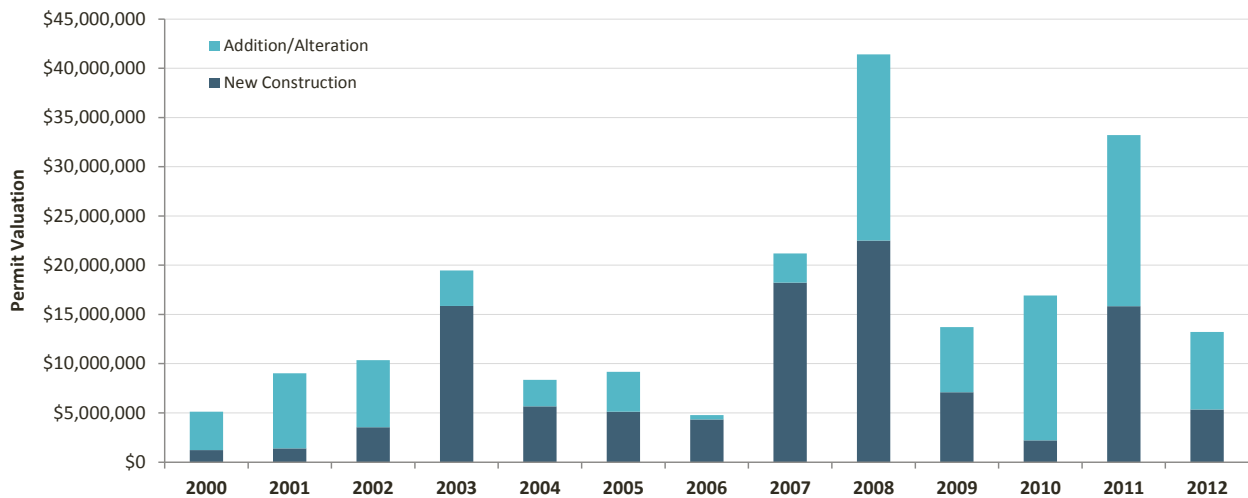
The number and construction value of building permits for commercial development in the Douglas and Chelan County region has fluctuated widely with economic expansions and contractions, and with the types of commercial development occurring in the two-county region. Exhibit 8 shows total number of commercial building permits for new construction and additions and remodels in Douglas and Chelan Counties. It should be noted that data for unincorporated Chelan County was only available from 2008 to 2012, thus the totals shown for 2000 to 2007 are lower than the actual totals. Exhibit 9 shows the total construction value of those permits by new construction and additions and remodels as well.

Exhibit 8
Douglas and Chelan County Commercial Building Permit Counts, 2000-2012



Source: Port of Douglas County, 2012; Chelan County, 2012; City of Wenatchee, 2012

Exhibit 9
Douglas and Chelan County Commercial Permit Valuation, 2000-2012



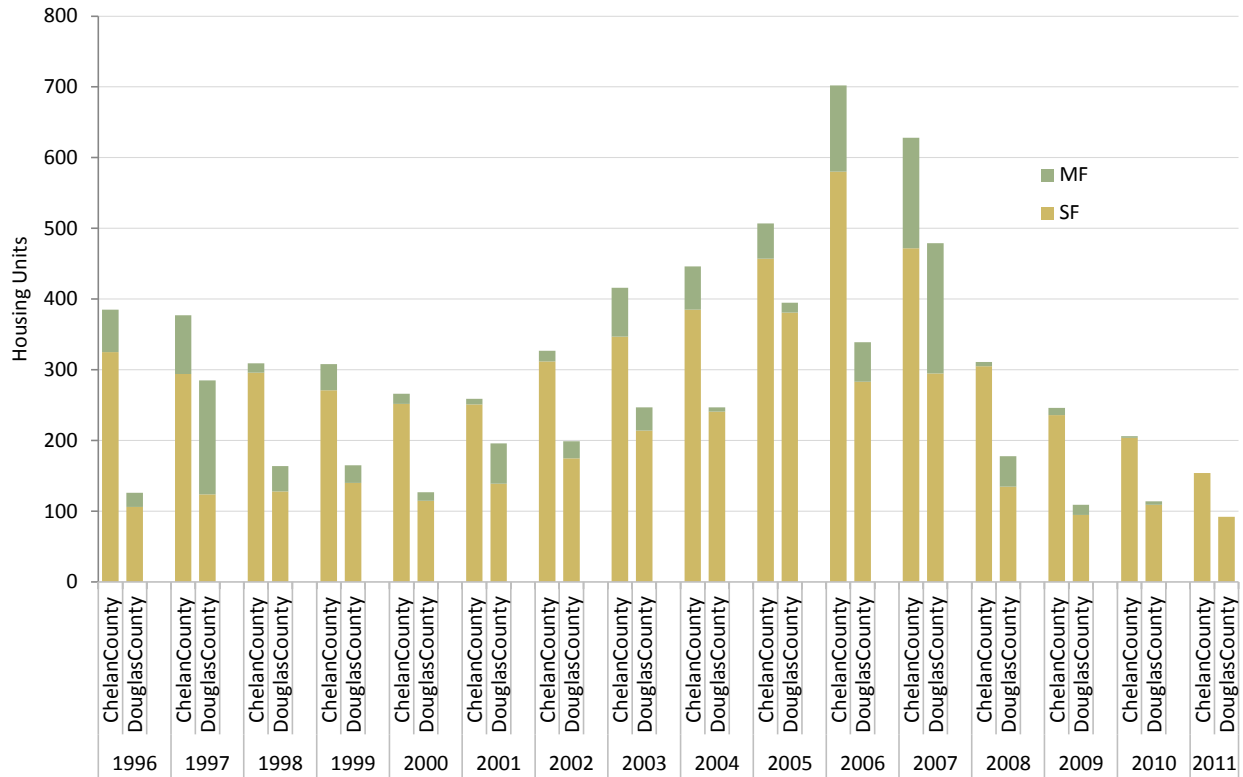
Overall, commercial development has been modest over the past decade. Commercial development since 2000 has been characterized by mostly additions and rehabilitation with a small amount of new construction, as is shown in Exhibit 8.

Based on permit construction value, new construction is a larger share of total commercial development, even though there were fewer new construction permits issued over this period. Exhibit 9 shows this trend, as well as peaks in total commercial construction value in 2003, 2008, and 2011. The peak in valuation in 2003 is due to the construction of a Home Depot store and assisted living facility in Wenatchee. The peak in 2008 is from the construction of a new hotel and new buildings associated with the Wenatchee Valley Medical Center and Wenatchee Valley College in Wenatchee and the construction of a data center in Douglas County. The peak in 2011 is primarily due to the construction of another data center in Douglas County.

Residential Building Permits

Building permits submitted for residential development decreased substantially with the bust of the housing bubble and start of the recession in 2008 in both Douglas County and Chelan County. 2010 and 2011 had the fewest combined number of housing permits anytime since 1996, as seen in Exhibit 10 below.

Exhibit 10
Residential Building Permits, 1996-2011



Source: US Census, 2013; BERK, 2013

The vast majority of residential building permits for the last 15 years have been for single-family housing. For the two most recent years, 2010 and 2011, permits were almost exclusively for single-family development. Anecdotally from interviews, the perception is that the housing market is starting to come back in the region. There is also a sense that multi-family housing is an underserved market. Demand has grown, and the lack of recent multi-family construction has limited the available supply of multi-family options. It was noted that a couple of apartment projects have recently started in Wenatchee.

Summary of Findings

Overall, the region is in the midst of a long transition to an increasingly service based economy, as reflected in the growth of regional GDP. The implication of this for investment in new structures will be an increased demand for retail and office space over time. Development trends from the past decade bears this out as the region has seen significant investment in the construction of new retail space. In addition, it has also experienced the remodel and reuse of existing commercial buildings (likely geared toward industrial/manufacturing) to more service based orientations, which is reflected in the commercial build permit data. Other findings include:

- Agriculture is one of the region's primary economic strengths. This sector also supports the wholesale trade sector through the food production industry in the region. Agriculture represents a potential growth area through agriculture tourism and value added production, such as wineries.
- East Wenatchee and Wenatchee are a regional retail center, but it is leaking retail sales for certain retail categories to other areas. Overall, demand will likely continue to increase if the region's population continues to grow. Given the region's orientation towards tourism, there is an opportunity to capture more spending in experiential retail and other personal and food service options.
- Retail and commercial uses are shifting from Wenatchee to East Wenatchee where land is cheaper, more larger parcels are available, and sales taxes are lower.
- Tourism and recreation is an important, but not sizable component of the local economy. Besides agriculture, it likely represents the best opportunity for bringing additional growth and investment to the region.
- Health care is a growing sector, but is responding to population increases, especially among seniors and retirees in the region. The Central Washington Hospital recently expanded its current facility and will likely not be looking for additional space in the near future.
- Commercial professional services are not currently a large source of demand for new construction, but do show growth potential as the region continues to shift to a more service based economy.
- Total residential building permits in the two counties in 2010 and 2011 were the lowest of any year since 1996. The vast majority of permits since 2009 have been for single-family housing.
- Manufacturing is not a large driver of the local economy.

2.2 Peer Region Assessment

The peer region assessment looked at metropolitan statistical areas (MSAs) in the Northwest and Mountain West with a similar population size, geographic context, and industry/economic composition as the Wenatchee-East Wenatchee MSA. The assessment compares the regions based on broad economic measures, such as employment totals, income, gross domestic product, and unemployment, to determine how well they are performing economically relative to each other and to determine what lessons there are for the Wenatchee-East Wenatchee region.

Peer Communities

The assessment evaluated ten MSAs in the western United States in addition to the Wenatchee-East Wenatchee MSA. Exhibit 11 below lists each MSA and the comparative measures sorted on GDP per capita.

Exhibit 11
Peer Region Comparison

MSA	State	2011		Population & Employment	Personal Income	2011 GDP	GDP per Capita	Unemployment Rate ¹
		Population	Employment					
Billings	MT	160,097	107,113	267,210	\$39,405	\$7,710,000,000	\$48,158	4.1%
Missoula	MT	110,138	75,726	185,864	\$35,190	\$4,423,000,000	\$40,159	5.6%
Rapid City	SD	128,361	84,768	213,129	\$41,286	\$5,115,000,000	\$39,849	4.8%
Bend	OR	160,338	92,351	252,689	\$37,084	\$6,024,000,000	\$37,571	10.8%
Flagstaff	AZ	134,511	81,813	216,324	\$34,353	\$4,890,000,000	\$36,354	8.4%
Grand Junction	CO	147,083	83,565	230,648	\$35,169	\$5,050,000,000	\$34,334	8.6%
Wenatchee-East Wenatchee	WA	112,448	64,944	177,392	\$35,152	\$3,668,000,000	\$32,620	8.3%
Pocatello	ID	91,457	48,372	139,829	\$28,998	\$2,765,000,000	\$30,233	6.1%
Medford	OR	204,822	110,145	314,967	\$34,602	\$6,173,000,000	\$30,138	9.5%
Logan	UT	127,549	75,542	203,091	\$27,594	\$3,719,000,000	\$29,157	3.8%
Redding	CA	177,774	84,963	262,737	\$35,466	\$5,023,000,000	\$28,255	12.0%

¹ December 2012, BLS

Source: U.S. Bureau of Economic Analysis, 2013; BERK, 2013

Based on personal income, GDP per capita, and the unemployment rate, several MSAs were better performing economically than the Wenatchee-East Wenatchee MSA. Three of these MSAs include Billings, Missoula, and Rapid City. All three are regional retail, services, and institutional centers in close proximity to natural and outdoor amenities. Bend, which is a regional center with exceptional natural amenities, also performed relatively well, with the exception of its high unemployment rate.

Despite these similarities, the drivers of the economies of each of these MSAs differ from one another.

- Billings' is a regional hub with a diverse base of sectors, such as government, health care, retail, commercial services, tourism/recreation, and energy development. Tourism and energy development are the primary growth sectors for the region. As a result, the economy has performed well and has been quite stable, even through the recession.
- Missoula's economy is also a regional commercial center and the city is home to the University of Montana. In addition, the lumber industry and tourism and recreation are significant parts of the economy.
- Rapid City's economy is based on institutions, primarily government, with large employers such as Ellsworth Air Force Base and other federal government employment in the region. The city is also a regional health care center.
- Bend's economy is primarily driven by tourism and recreation. Growth in the tourism market has supported the development of compatible industries, such as the burgeoning micro-brewery industry, as the area has developed and matured.

The MSAs that performed less well than the Wenatchee-East Wenatchee MSA, such as Medford, Logan, and Redding, tended to have one or more of their large scale and/or highly concentrated sectors declining in employment over the last ten years.

Regional Economic Drivers

The assessment conducted an industry cluster analysis on each MSA to evaluate economic and employment drivers and trends. The results of the cluster analysis show that the drivers of the local economy for each MSA fell into five main categories, which are outlined below. Each MSA's economy was usually based on more than one of the categories. The highest performing MSAs, such as Billings, have a fairly diverse and/or stable array of sectors supporting their economy.

Regional Commercial Center

All the MSAs evaluated are regional population centers surrounded by larger rural areas. As a result, these communities are centers for retail and commercial services in their region, which can provide a stable source of demand for commercial uses and space. However, demand for these services respond to population changes, and are not direct drivers of economic growth themselves.

Institutional Center

Institutional uses, such as government, education, and health care, as with commercial centers, serve the local population base. Certain uses, such as higher education, draw from a much larger geography than just the local MSA, bringing additional people and dollars to the community. However, institutional uses are usually not growth sectors. Health care is one institutional use that is growing in most of these communities, especially in areas with growing and aging populations. MSAs that are institutional centers include Billings, Medford, Missoula, Rapid City, Flagstaff, and Logan. Missoula, Flagstaff, and Logan all have state universities that are an important component of their economies.

Natural Resources

Natural resource extraction, like mining, timber, and energy, are export-based industries that bring additional investment to the local economy. Billings, Missoula, Medford, and Grand Junction all have significant natural resources employment. Billings, in particular, has seen strong growth in the energy development industry related to the oil and coal reserves in eastern Montana and western North Dakota.

Tourism and Recreation

Tourism and recreation is an important part of many of the MSAs' economies because of their proximity to natural features and recreational opportunities. It brings in investment from outside the local economy, and it is an important component of the economy for Bend, Billings, Flagstaff, and Missoula.

Manufacturing

Several MSAs had sizable manufacturing employment, including Bend, Grand Junction, Logan, Medford, Pocatello, and Rapid City. However, almost all of these communities have lost manufacturing jobs since 2002. Logan, Utah was the only MSA where manufacturing was one of the main drivers of the economy, and where the manufacturing sector grew since 2002. Logan is home to ICON Health and Fitness, which produces fitness equipment.

Agriculture

Agriculture is an important sector for many of the MSAs because they are surrounded by large rural areas. Billings, Flagstaff, Logan, Medford, Pocatello, Rapid City, and Redding all had relatively high location quotients for agriculture employment. Most of the other MSAs evaluated did not have an agriculture sector nearly as large as the Wenatchee-East Wenatchee MSA, though. Additionally, most of the other MSA's, with the exception of Flagstaff, saw agriculture employment decrease from 2002 to 2011.

Summary of Findings

- Peer regions that have performed well have diverse economies and one or two sectors driving growth.

- Drivers of growth for most of the peer regions revolved around the natural resource and/or tourism and recreation sectors. Services, such as health care, educational service, professional service, and art/entertainment/recreation, represent growth opportunities. These sectors generally had strong growth for many of the regions, but tended to be small and not highly concentrated.
- By their rural character, all of the peer regions are centers of commerce, drawing demand from the larger area.
- Institutional uses, especially government and health care, provide a solid and stable employment base for all of the peer regions, but are usually not direct drivers of economic growth.
- Manufacturing and agriculture sector employment have declined for most of the peer regions, with a few exceptions.

2.3 Land Use Opportunity Assessment

This section assesses market demand and potential economic opportunities for land uses in the study area based on the findings of the regional economic strengths; the peer region assessment; and interviews with local developers, economic development representatives, and industry experts. Potential opportunities can be categorized into near-term opportunities based on current market trends and more aspirational opportunities that may take more time, effort, and/or risk to realize.

Near-term Opportunities

The North End site is a large, easily accessible, and visible location on the Columbia River, within the broader Douglas and Chelan County region. These assets make it an attractive location for a variety of uses. The decision for the Port of Douglas County, City of East Wenatchee, Douglas County, and other stakeholders to make is to determine what the best uses for the site are that further each jurisdiction's, and the region's, economic development goals. Some uses that would be feasible in the near-term, such as a data center, might not be the best use of the site's long-term potential.

There are several uses that are potentially feasible and compatible with the region's broader economic development strategy. Because of the size of the site, multiple uses are a possibility. This assessment identifies five different land use types in the near-term that could be considered for further evaluation.

Tourism and Recreation

The study area has potential for tourism and recreation uses, based on its location on the Columbia River, access to the Apple Capital Recreation Loop Trail on the site, and access to broader regional recreation activities. In interviews with the development community, a marina and hotel were brought up as potential uses for the site. It was noted the area currently does not have good access to the river and there are not enough hotel rooms during peak times and special events. A golf course was also brought up as a potential use.

Tourism and recreation uses have challenges. The hotel and accommodation industry is especially risky compared to other development types, due to the seasonality and variability in demand. The study area would need to create a source of demand that will draw people to it to justify new development and reduce risk. Based on interviews, it was mentioned that the new Marriott Springhill Suites has been doing well, and that a similar range hotel may do well at the site.

In addition to recreation-based tourism, agriculture tourism may have potential based on the region's strength and brand related to agriculture production. Value added products, such as wine, cider, and other local foods, would likely have the most potential for agriculture tourism. Wine tasting rooms and local wine shops were mentioned in several interviews as an attractive opportunity. A public-private

partnership around a wine making incubator and co-op (with experiential retail offerings) may serve as an anchor for similar activity.

Retail

The site's proximity to major highways and visibility make it an attractive location for retail uses. Interviews with the development community indicated that some big box stores have shown interest in the East Wenatchee region. Because of the large amount of land available at the site and its regional accessibility, a retail "power center" was mentioned as a development type that would be quite feasible. A lifestyle center retail complex was also mentioned as a possibility. The tenant mix of lifestyle centers focus on higher end retail outlets, which may not be as feasible based on the region's current demographics and income levels.

Residential

New residential development has been slow since the recession in 2008. The area has not had significant job growth to drive demand for more housing. However, condominiums and apartments were mentioned as potential uses in interviews with the development community. The region does not have much of a supply of multi-family housing, and the riverfront would be an attractive location for housing and condominiums. The Waterfront Mixed Use zoning on the site would allow multi-family residential development as a secondary use to support the primary commercial and recreational uses.

Multi-family development at the site may accommodate an unmet demand. However, multi-family developments, especially condominiums, are not yet a proven market in the region. Multi-family housing at this site would compete directly with efforts to grow housing in Downtown Wenatchee and the Waterfront District.

Office

Interviews with the development community indicated that there is demand for Class A office space, and that current Class A office space has a low vacancy rate. The transportation access, lower land costs, and river views would make the study area an attractive site for office development.

Overall demand for a large amount of new office space is probably somewhat limited in the near-term. Commercial service sectors – who would be the main users of Class A office space – are relatively small in the East Wenatchee area, but they have shown employment growth over the last ten years. Growth in the health care sector may make medical offices a potential source of demand as well.

Longer-term and/or Aspirational Opportunities

In addition to potential near-term uses, there are several uses that are a possibility, but are not easily evaluated based solely on a regional market analysis, and would require more in-depth analysis to assess their competitiveness. These opportunities are more specialty uses or pioneering projects that would involve a higher level of demand, phasing, and risk. Based on feedback from the project steering committee and interviews with local economic development representatives, three types of additional opportunities are identified for possible further evaluation.

Tourism/Recreation

The East Wenatchee-Wenatchee area does not have a destination resort that one may find in the Leavenworth or Lake Chelan areas. The area may get some "spill over" from these other locations, but because of its distance to each, there is likely not enough demand in the near-term to support such a facility. For a resort or similar facility to be feasible, it would have to create its own source of demand, such as a golf course or casino.

A regional sports facility that could support soccer, baseball, and other athletic tournaments was mentioned as a use that has been brought up in the past. At this stage of the analysis, it is hard to say how feasible a sports facility would be at the site. Such a facility would generate demand for restaurants and accommodations in the region. However, the seasonality of the regional events would create a challenge to expand the calendar of events throughout the year.

Educational Institution

The location of a four-year higher education institution or branch campus of a Washington State University or University of Washington in East Wenatchee or Wenatchee is an idea that has some local support. Such an institution would bring in additional investment and jobs to the community as well as enhance the education and skills of the regional labor force.

The Washington Higher Education Coordinating Board (HECB, now the Washington Student Achievement Council) issued a System Design Plan in 2009 for higher education facilities in Washington State. The Plan recommends an “expand on demand” approach. Under this approach, capital facility expansion would occur only when demand is “clearly present”. The process for major expansion proposals, such as a new branch campus, would require that certain key criteria are met. A community would have to submit a proposal to the HECB identifying underserved regions and populations. The HECB then reviews the proposal and makes a recommendation to the Legislature.

Revised Code of Washington (RCW) 28B.77.080 discusses the needs assessment process and analysis needed for recommendations on major expansions and mission changes at public institutions of higher education.

Business/Entrepreneur Incubator

Entrepreneur development is a focus of regional economic development efforts. Live/work and business incubator spaces were mentioned as a strategy for fostering entrepreneurship in the region. The cheaper cost of land at the site may make such a development feasible. In addition, incubator space may be compatible with agriculture tourism efforts in the region. Further analysis would be needed to determine how such a facility would be developed and operated.

Challenges, Risks, and Impacts

All of the opportunities identified have challenges and risks associated with their development. In addition, the economic impacts of different uses over the long-term vary in terms of their ability to bring investment to the local area from outside the local economy and create jobs. Exhibit 12 outlines a framework for the financial and economic/social impact of the different uses identified.

Exhibit 12
Use Competitiveness and Impact

Impact	High	University	Ag Tourism	
	Medium	Resort	Business Incubator Sports Facility Hotel/Accommodations	Office
	Low		Residential	Retail Power Center
		Challenging	Potential	Well Positioned
		Competitiveness		

Source: BERK, 2013

Development that is most likely to materialize at the site in the short-term may not be the best use of the site in the long-term, nor align with the region’s economic development goals. On the contrary, such development may preclude other more productive uses in the long-term. As a result, there are several factors the Port, City, County, and steering committee should consider when deciding on opportunities for further analysis.

Competition for Demand

Is the development responding to growing demand or creating new demand? If not, the development may be cannibalizing demand from another part of the community, essentially shifting taxes and jobs, but not growing them regionally. Retail uses and hotel accommodations may fit this situation. Additionally, the Waterfront District in Wenatchee is envisioned as a mixed-use waterfront neighborhood. There may not be enough demand to support a similar vision on the East Wenatchee side of the Columbia River.

Synergies of Uses

The study area is sizable enough that a number of different uses can be developed on the site. A combination of uses and developments that support one another can result in an economic impact that is bigger than its individual parts. For example, the right type, scale, and mix of agriculture tourism, retail, office, recreation, hotel, and residential uses may be mutually beneficial. However, the combination of other uses may not have the same benefits, and they may even function less well together.

Timing and Phasing

The most impactful and productive use(s) for the North End site may not be immediately feasible in the current market. Uses that are currently market ready, if developed, may make it difficult or impossible for the most impactful uses to locate at the site when they are market ready. As discussed in the synergy of uses above, early development may also not be the most compatible with later development. As a result, poor timing and phasing of development may result in missed opportunities.

3.0 LAND USE COMPETITIVE ASSESSMENT

The purpose of the competitive assessment is to “stress test” the study area using different land use and development concepts to better understand how well positioned, or conducive, the site may be for those concepts. Most importantly, it is a process to raise issues related to land use planning, infrastructure investment, and partnerships that need to be addressed in the Market Strategy and Implementation Plan.

This section evaluates the competitiveness of five conceptual development opportunities identified in the Regional Market Analysis and selected by the project advisory team to determine the most feasible and realistic option(s) for developing the North End study area. The concepts assessed include mixed use development; recreation based development; tourism oriented development, including agri-tourism and destination tourism; and a higher education facility. Specifically, the assessment compares the five concepts on how competitive the North End is for the concept and how competitive each concept is relative to the others.

To make this comparison, the assessment will use the competitiveness and impact framework used in the market analysis. Competitiveness will evaluate the local market conditions of the concepts, site suitability, and the supply of other compatible sites in the region. The impact comparison will evaluate types of jobs that would be generated and how well the concept advances economic development efforts.

This section first provides a summary of findings from the competitiveness and impact assessments and outlines the policy implications around infrastructure needs and additional public assistance. It then evaluates each land use concept in detail with illustrative examples from the region and state. Each land use concept is organized into three subsections.

- **Concept Profiles.** This section provides an overview of each concept including market demand, comparative examples, and site and location needs.
- **Competitive Assessment.** This section evaluates the competitiveness of each concept based on market conditions and suitability of the North End area.
- **Economic Development Impact Assessment.** This section evaluates the potential impact of each concept on the regional economy. Specifically, it looks at the types of potential jobs and how the concepts align with broader economic development efforts.

3.1 Summary Assessment

The Study Area in Context

- Sites within the study area are well positioned for development due to solid market fundamentals for the region. The area has many natural amenities including a riverfront location, access to recreational trails, and stunning views. The area is well served by regional transportation facilities and is easily visible via the western entrance to the region on US 2/97.
- The site features many large properties under single ownerships. As a result, property assemblage should pose less of a hurdle to future development.
- In addition, the Washington Department of Transportation owns a sizable portion of the west part of the study area that it will be surplus in the future. WSDOT has already transferred a 50-foot corridor around the Apple Capital Recreation Loop Trail to Douglas County and the City of East Wenatchee. WSDOT is still determining how it will surplus the rest of the property, which could be used for development.

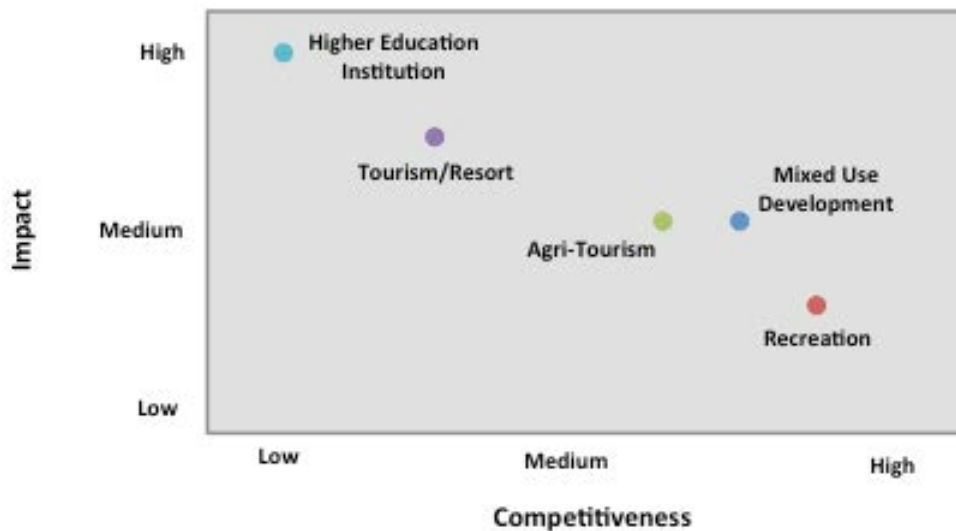
- Infrastructure issues notwithstanding, the area is mostly a greenfield opportunity and does not face challenges that infill development often faces.

Review of Competitiveness and Economic Development Impact

- The study area is large. Examination of the uses profiled in this section suggests that no one use can use all of the area. This places stronger emphasis on the need for a strong vision for the area that can be codified in a land use strategy in order to enhance complementary uses throughout the area.
- Certain uses will have strong site preferences on whether they want to orient to the water/views or towards access to the regional transportation facilities.
- Water and/or shoreline access will be an important aspect for tourism and specialty uses.
- Some uses, particularly recreation and winery incubator, may require additional levels of public support.

Exhibit 13 charts BERK's assessment of where each concept falls based on their competitiveness and economic development impact. Summary findings for each concept are outlined below.

Exhibit 13: Competitiveness and Impact Matrix



Source: BERK, 2013

Mixed Use Concept

- Over the long-term most of the uses would be feasible.
- Housing, some types of retail, and office may be feasible in the near-term.
- The job impact of the commercial uses is mixed and most would not generate new economic growth.

Recreation Concept

- Overall, the recreation uses are probably feasible, but they would likely require public financial support, specifically the provision of land for the uses.
- Recreation facilities would not create many full-time, year-round jobs, and the potential to attract new visitor spending is uncertain.

Tourism Concept

- A winery incubator or development of a winery cluster are fairly feasible, but likely would require public assistance.
- Both a winery incubator and winery cluster would support the region's growing agri-tourism and its brand; job impacts these facilities would be modest, however.
- Destination resort would be challenging due to infrastructure and access issues, as well as the competitive landscape, regionally.
- A resort concept would have to distinguish itself regionally and statewide to be successful and attract visitors, but could build on many local tourism amenities and the regions' brand.

High Education Institution Concept

- Four-year institutions in central and southeast Washington have more than enough planned capacity to meet the region's bachelor degree production goals.
- Current State recommended expansion policies focus on growing existing facilities on clear demand and focusing growth of new facilities and branch campuses in under-served areas, which does not include Chelan or Douglas Counties.

Strategy and Policy Implications

- Some regulatory changes are likely necessary to create a consistent framework across the site.
 - Douglas County could also utilize State Environmental Policy Act (SEPA) tools to support an overall vision (sub-area plan and planned action for example) for the area.
- A framework for public and private investment strategy is necessary.
 - What are the options to activate the shoreline for recreation uses?
 - What is the appropriate time for public investment to support market readiness?
 - What and how much public infrastructure should private development support?
- Some concepts require additional public support for development and/or operations, such as a winery incubator and recreational facilities.
 - What is the role of public owned lands in the area?
 - Who and where will funding come from to support these public-private projects, if pursued?
 - Who will have responsibility to oversee and govern these projects?

3.2 Mixed Use Development

Concept Profile

This concept looks at the competitiveness of a larger, master planned development composed of a mix of different uses, including housing, office, retail, and accommodations. The concept evaluates how much space different uses would likely want/need. The subsections below describe each potential use and its likely characteristics.

Housing: A mixture of housing types, including single-family and townhomes, multi-family, and senior housing could all exist as part of the mixed use development. The number and proportion of different housing types will likely depend on the vision for the area, the current market, and what risks a developer is willing to take.

Overall demand for housing is driven by population growth and the household composition of the population. Multi-family housing, specifically, is driven by increases in the number of smaller households and the number of households renting. In Douglas and Chelan Counties, the percent of renter occupied housing has increased slightly from 33.3% in 2000 to 34.3% in 2010. Over the same period, average household size has decreased from 2.70 to 2.64. However, the market analysis noted that the large majority of recent residential permits have been for single-family housing. Few multi-family permits have been issued in the region, especially since 2007. Interviews with the development community anecdotally mentioned that there may be pent up demand for multi-family housing. In all, this indicates there may be modest demand for more multi-family housing.

Senior housing is driven by the growth in the population age 65 and older. The population 65 years and older in Douglas and Chelan Counties grew twice as fast as the region overall with an average annual growth rate of 2.2%¹. As the area's population continues to age, senior housing likely will increasingly be in demand.

Office: Office development as part of a mixed use development would likely be targeted to "core" office users, such as professional service firms, and/or medical office users looking for high quality office space with quality finishes, state of the art systems, and prime locations.

The demand for core office users is driven by job growth in the overall regional economy. In 2011, there were 1,621 jobs in the professional services, information, and management sectors in Douglas and Chelan Counties. Employment in these sectors increased by 300 jobs between 2002² and 2011. Assuming 250 square feet of office space per employee, the increase in these sectors translates to a need of about 75,000 additional square feet over the period. Interviews with the development community cited that current Class A office space has a low vacancy rate. This indicates that even a modest increase in demand for high quality office space, such as in the range of 75,000 square feet, could support new development of a small amount of office space.

Demand for medical offices is driven by regional population growth, especially of older population groups. From 2000 to 2010 the population of the two-county region grew at an average annual rate of 1.1%. The population 65 years and older grew twice as fast with an average annual rate of 2.2%³. In

¹ Washington Office of Financial Management, 2010

² Washington State Employment Security Department, 2012

³ Washington Office of Financial Management, 2010

addition, employment in the health care sector in the region grew at a rate of 1.6% annually from 2002 to 2011. This indicates it is likely there will be additional demand for medical office space in the near- and long-term.

Retail: The retail component of a mixed use development could take a variety of forms and scale. For this concept, it is envisioned as smaller scale retail, as opposed to a retail big box or power center. Small scale retail could be a few small scale shops or cafes catering to the immediate area. Given the site's proximity to a major highway, it could also capture people from the broader region and those passing through. Specific retail uses fitting this description include restaurants and/or tourism-oriented retail uses.

Demand for retail is driven by an area's population growth as well as visitor spending and pass-through traffic. In the near-term, demand will most likely be for regionally-oriented retail. As discussed in the market analysis, the two-county region is a regional retail center and captures more retail sales than just that of its population base. This trend would be expected to continue as the regional and state population continues to increase.

There are a few categories where the region is leaking spending and that have the potential to capture more local spending. In particular, restaurants and health/personal care may have potential. Locally-oriented retail would likely lag until there is enough of a population base in the immediate area to support these businesses.

Accommodations: A mid-range hotel catering to tourist and people passing through would likely meet the needs of the broadest market it would be competing for regionally. This type of hotel would be similar to those already in Wenatchee. It is not envisioned that the hotel included in a mixed use development would generate its own demand, such as a casino, waterpark, or convention center.

Demand for a mid-range hotel is driven by the number of visitors to the region and their spending for accommodations. Adjusted for inflation, visitor spending on hotels/motels in the two-county region increased at an average annual rate of 1.8% from 2000 to 2009⁴, although it did decrease after 2007 with the start of the recession. Anecdotal evidence from local interviews mention that the limited number of events and conferences in the East Wenatchee area makes it difficult to keep occupancy up in the off-peak season. However, it was noted that the new Marriot Springhill Suites in Wenatchee is performing well. Given the growth in visitor spending in the region, there will likely be demand at some point for additional hotel rooms in East Wenatchee or Wenatchee in the long-term.

Illustrative Example

Lone Pine Village in The Dalles, Oregon is a mixed use master planned community along the Columbia River. The development is on 60 acres, and it is planned to include single-family, townhouse, condominium, and apartment residences and commercial space, including shops, restaurants, cafes, a supermarket, a wellness center, and professional office space. As of May 2013, the wellness center has been the only commercial building constructed and no timeline has been established for developing the rest of the commercial space.

- Total Site Acreage: 60 acres
- Total Planned Housing Units: 248 housing units
- Total Amount of Planned Commercial Space: 200,000 square feet

⁴ Dean Runyan Associates, www.deanrunyan.com/WATravelImpacts, 2012

- Price Range of Housing Units:\$218,000-\$500,000
- Amenities: River access and views, 10 mile riverfront trail passing through the site, and 30 acres of open space

The village is geared towards active adults who want to enjoy a certain lifestyle that includes the beauty of nature, outdoor activities, a strong sense of community, and relaxation. Current residents of the Village tend to be full-time residents and are a mixed crowd that includes young adult renters, singles, empty nesters, and retirees. Lone Pine Village was not master planned with seniors specifically in mind, and no senior-specific housing is planned.

Exhibit 14: Lone Pine Village Site Plan



Source: www.lonepinevillage.com

The Water's Edge Health and Wellness Center is a unique feature of the development. It is a 62,000 square foot satellite campus of Mid-Columbia Medical Center. Mid-Columbia is well known for providing a holistic approach to health care, which includes integrating modern medicine with non-traditional therapies, like yoga, massage, and aromatherapy. This \$15 million dollar facility has brought additional jobs to the city, where Mid-Columbia Medical Center is already the area's largest employer.

Site and Location Needs

Housing: Housing can be built in a variety of terrain, but primarily in areas with limited steep slopes and other environmental constraints. It also needs necessary infrastructure, specifically water, sewer and road access.

Office: Core and medical office users draw employees and clients from the broader region and need good regional access. In addition, core office users generally concentrate in main commercial centers

and office parks near other office users. Medical offices tend to cluster around hospitals and medical clinics.

Retail: Smaller scale locally-oriented retail uses need a sizable enough local population base to support the business. Small scale businesses with a more regional draw, such as a restaurant, would be more auto-oriented and would need adequate access from the highway, parking, and visibility.

Accommodations: Mid-range hotels catering to tourist and pass through-traffic require good access and visibility. As a result they usually concentrate along major roadways or in commercial centers.

Competitive Assessment

Over the long-term, all of the components of the mixed use development are likely feasible. Residential development is likely the most near-term ready for development, especially single-family or townhouse units, but does not match the community's vision for the site as established in East Wenatchee's Comprehensive Plan. Condominium and/or apartments are less established markets in the area and are more risky and may not be developed until later phases of a project. For the commercial component, a moderately sized office building and regionally oriented retail, such as a restaurant, could be feasible in the near-term. Additional office, retail, and hotel space would probably not be feasible in the near-term and would likely be built in the later phases of a project.

Within the East Wenatchee-Wenatchee area, there are a number of areas for core office, retail, and accommodation development to locate. Given the limited amount of demand for each use regionally and the number of viable locations, when demand does materialize, it has multiple options on where it might locate. This competitive landscape means the North End area will have to distinguish itself from the other locations. Advantages of the site compared to others are its views towards the Cascade Mountains and its proximity to the riverfront and amenities like the Apple Capital Recreation Loop Trail.

The City of East Wenatchee and Douglas County allow planned unit developments (PUD) and they are required for projects over 10 acres in size in the Waterfront Mixed Use zone. One disadvantage the North End area has compared to other sites is that it does not yet have fully built out infrastructure, including roads and sewer. However, a requirement of the establishment of a PUD is that public services are present or planned for as part of the development.

Economic Development Impact Assessment

Over the long-term, a mixed use development would support a variety of commercial uses and jobs associated with those uses. Not all these jobs would have the same impact on the local economy, however.

Office: Professional service and medical uses are high intensity users of the land in that the number of jobs per square footage is relatively high. However, office or medical office uses would likely not cover a large area of the development given overall future demand in the region.

The salaries and wages of people employed in these and similar sectors are mostly above the area's median income per worker⁵ as can be seen in Exhibit 15 below. As a result, jobs associated with office development would be fairly high impact themselves, but there would probably not be a large number of them on the site.

⁵ Median income per worker in Douglas and Chelan Counties = \$24,554 - US Census, American Community Survey 1-year Estimate, 2011

Exhibit 15
Annual Wage by Office and Medical Occupations in Douglas and Chelan Counties, 2012

Category	Occupational Title	Annual Wage	Category	Occupational Title	Annual Wage
Medical Office	Phys/Surgeons, A/O	\$245,511	Office	Engineering Mgrs	\$109,114
Medical Office	Dentists, General	\$136,625	Office	Lawyers	\$96,246
Medical Office	Medical & Health Svcs Mgrs	\$103,809	Office	Financial Mgrs	\$95,037
Medical Office	Dental Hygienists	\$92,519	Office	Management Analysts	\$89,939
Medical Office	Occupational Therapists	\$79,037	Office	Mechanical Engineers	\$84,872
Medical Office	Physical Therapists	\$73,058	Office	Computer Systems Analysts	\$81,410
Medical Office	Registered Nurses	\$70,387	Office	Computer Software Engineers, Applications	\$78,741
Medical Office	Occupational Health & Safety Specialists	\$69,300	Office	Civil Engineers	\$72,788
Medical Office	Health Technologists & Technicians	\$54,909	Office	Environmental Scientists & Specialists	\$56,057
Medical Office	Dietitians & Nutritionists	\$54,713	Office	Market Research Analysts	\$55,019
Medical Office	Physical Therapist Assistants	\$46,509	Office	Office & Admin Support Wkrs, 1st-Line spvrs/Mgrs	\$48,354
Medical Office	Dental Laboratory Technicians	\$41,288	Office	Paralegals & Legal Assistants	\$46,681
Medical Office	Medical Secretaries	\$36,637	Office	Engineering Technicians, Not Drafters, All Other	\$46,579
Medical Office	Medical Assistants	\$36,030	Office	Executive Secretaries & Administrative Assistants	\$44,691
Medical Office	Medical Transcriptionists	\$35,871	Office	Legal Secretaries	\$41,791
Medical Office	Dental Assistants	\$34,080	Office	Computer Support Specialists	\$40,828
Medical Office	Healthcare Support Workers, All Other	\$31,978	Office	Graphic Designers	\$37,569
Medical Office	Medical Equipment Preparers	\$29,532	Office	Office & Administrative Support Workers, All Other	\$35,669
Medical Office	Physical Therapist Aides	\$29,024	Office	Office Clerks, General	\$29,706

Source: Washington Employment Security Department, 2012

Retail: Retail and restaurant uses also have high number of jobs per square footage used. Given the type of retail discussed for the mixed used development concept, it would also not cover a large area of the development.

Wages of people employed in the retail and restaurant businesses are usually around or below the area’s median wage as can be seen in Exhibit 16. As a result of the limited number of jobs and lower wages of jobs associated with retail develop at the site, retail development’s impact on the local economy would be limited.

Exhibit 16
Annual Wage by Retail Occupations in Douglas and Chelan Counties, 2012

Category	Occupational Title	Annual Wage
Retail	Retail Sales Wkrs, 1st-Line Supervisors/Mgrs of	\$43,647
Retail	Food Preparation & Serving Wkrs, 1st-Ln Spvrs/Mgrs of	\$36,042
Retail	Counter & Rental Clerks	\$31,366
Retail	Bartenders	\$29,796
Retail	Cooks, Institution & Cafeteria	\$27,638
Retail	Cooks, Restaurant	\$27,028
Retail	Waiters & Waitresses	\$26,566
Retail	Food Batchmakers	\$25,029
Retail	Retail Salespersons	\$24,936
Retail	Cooks, All Other	\$23,725
Retail	Cooks, Fast Food	\$22,561
Retail	Hairdressers, Hairstylists, & Cosmetologists	\$22,424
Retail	Comb Food Preparation & Serving Wkrs, Inc Fast Food	\$22,201
Retail	Cooks, Short Order	\$22,136
Retail	Food Servers, Nonrestaurant	\$21,084
Retail	Food Preparation Wkrs	\$21,059
Retail	Counter Attendants, Cafeteria, Concession, Coffee Shop	\$19,916
Retail	Dishwashers	\$19,363

Source: Washington Employment Security Department, 2012

Accommodations: No more than one hotel is likely to be built as part of a mixed use development. Similar to the retail sector, most jobs associated with hotels are below the area’s median wage. Overall, the impact on the local economy from these jobs would be minimal.

Exhibit 17

Annual Wage by Accommodation Occupations in Douglas and Chelan Counties, 2012

Category	Occupational Title	Annual Wage
Accommodations	Housekeeping/Janitorial Wkrs, 1st-Line Spvs/Mgrs	\$36,060
Accommodations	Hotel, Motel, & Resort Desk Clerks	\$23,686
Accommodations	Maids & Housekeeping Cleaners	\$20,726

Source: Washington Employment Security Department, 2012

Most of the commercial development that would be a part of a mixed use development as envisioned in this concept would not bring new dollars into the economy. Instead, it would be commercial growth responding to growth already occurring in the local economy from additional jobs, population, and visitor spending. If not locating at the North End area, the core office users, retail development, and accommodations would likely locate at another location within East Wenatchee or Wenatchee. In particular, a mixed use development on the riverfront would be competing with the redevelopment of the Wenatchee waterfront, which is already underway and with a vision of a mixture of multi-family housing, office development, and retail uses.

3.3 Recreation

Concept Profile

This concept looks at three different uses that could be the predominant recreation based use in the North End area. The concept considers the potential of a golf course, soccer recreational facility, and a new facility for the AppleSox baseball team as anchors for development of the site. A combination of these uses, such as a soccer facility and baseball stadium, could also be feasible. In addition, there may be other uses compatible with and/or supportive of the recreation uses, such as retail, accommodations, and housing that are developed on the site.

Golf course. This concept explores the development of a golf course that could be a public or private stand-alone facility.

Demand for golf facilities is driven by the number of golfers in an area (locally and/or regionally). As of 2010, there were 26.1 million golfers in the United States⁶, however, it should be noted that this figure has been declining in recent years. Although the National Golf Foundation attributes this to the 2008 recession, there is no accurate analysis of the decline in golfing.

Soccer facility. A soccer facility is envisioned as a large field complex for local recreational use as well as larger regional tournaments. In addition, an indoor soccer-dome facility is an idea that has been proposed. It would allow for events year-round.

AppleSox stadium. The AppleSox share their current facility with Wenatchee Valley College, who play their games in the spring. They are looking at building a new facility, whose construction could be funded through selling naming rights to the new facility. Currently, the AppleSox attract about 1,000 fans per game, and there are about 36 home games throughout the summer. In addition to the AppleSox games, a new facility would be multi-use and host high school games and tournaments, collegiate baseball games, and outdoor concerts. The AppleSox have proposed that they would operate and maintain a new facility throughout the year. Purchase of land is not factored into the construction of a new facility.

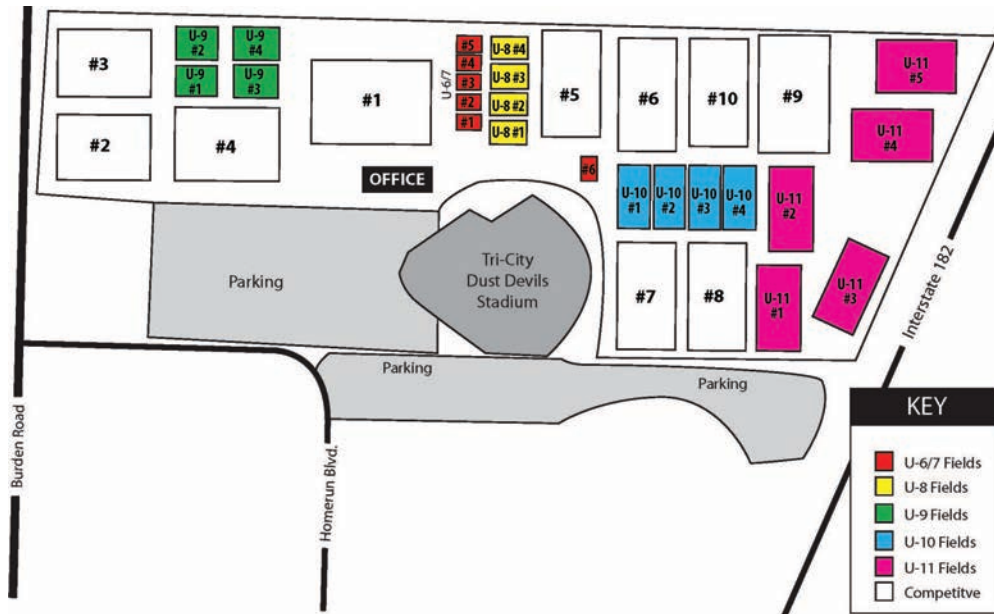
⁶ National Golf Foundation, 2010.

Illustrative Examples

Recreation Facilities

The **Tri-Cities Soccer Complex** is a 68 acre regional recreation facility in Pasco with 33 soccer fields of different sizes (for youth four up to competitive courses), a baseball stadium, and parking. Although the complex is quite large, it primarily meets a local demand for amateur competitive and recreational soccer. The facility is open year round, and is busy throughout the year.

Exhibit 18: Map of Tri Cities Soccer Complex



Source: t-cysa.org/forms/t-cysa-map-2012.pdf

Starfire sports in Tukwila is a 54 acre sports complex featuring five grass soccer fields; eight lighted, artificial turf fields (usable year round); and two indoor soccer fields. The indoor soccer fields are in a 4,500 seat soccer stadium. The complex is operated through a public-private partnership, in which Starfire Sports entered into a 40-year public-private partnership concession agreement with the City of Tukwila and King County’s Fort Dent Park, which has been slated for closure due to a budget shortfall. Starfire initiated construction and renovations on the site and has assumed 100% operating responsibility. The City of Tukwila operates a playground, picnic area, restrooms, trails, and open areas on the portion of the site that is unused by Starfire.

Exhibit 19: Map of Starfire Sports



Source: www.starfiresports.com/campus

The Fife Sportsplex is a proposed soccer facility for a 54-acre site in Fife. The Sportsplex is based on a public-private partnership model, where the city pays to build the facility and allows a private organization to lease it and manage its operations. The Sportsplex was originally slated to break ground in 2006, but fell through after a six-year effort to build the \$15 million dollar project by the private partners did not raise enough money.

Golf Courses

Lake Chelan Municipal Golf Course

Lake Chelan Municipal Golf is publically owned and operated by the City of Chelan. There is public support for maintaining the course, although there was a recent push for the course to privatize its management as a cost saving measure. This is because the course, despite \$1,000,000 in revenue, is not self-sustaining due to high maintenance and irrigation costs, low annual pass rates, and seasonal schedule. Of the \$1,000,000 in annual revenue, most of the income is from tourist use of the course, although annually, more rounds are played by locals, who pay a discounted annual pass rate to use the course (about \$500 per year).

- Holes: 18 holes
- Area: 117 acres
- Access: Public
- Season: 9 months, March to November

Exhibit 20: Lake Chelan Municipal Golf Course

Source: www.lakechelangolf.com

Crescent Bar Golf Course

The Crescent Bar Golf Course is part of the recreation-oriented residential community of Sunterra at Crescent Bar. Sunterra is primarily a vacation home residential community, oriented around the golf course and watersports on the Columbia River. The course was designed by Raven Fontenot, a renowned PGA course designer.

- Holes: 9 holes
- Area: 32 acres
- Access: Public
- Season: Year round

Site and Location Needs

Golf course. Most golf courses have 18 holes, and would take 100 acres or more to accommodate the development of a course. Golf courses also need continued watering and irrigation, and water rights are an important consideration, too.

Soccer facility. A recreation facility would need about 40 to 50 acres to accommodate multiple fields and adequate parking. In addition, irrigation and water availability are also considerations.

AppleSox stadium. The footprint of a new facility would need to be between six to twelve acres including the stadium and parking. Regional access is desirable, but given the limited number of home games and crowd size, traffic is not a perceived issue at the site.

Competitive Assessment

The recreation uses described in this section are likely feasible, but would require some public participation or partnership to be financially viable, particularly for a soccer facility or new AppleSox stadium. The public participation would most likely involve providing the land for the facility. Construction costs and most operational and maintenance costs could be the responsibility of the private partner.

The North End area is large enough that it could accommodate the recreation uses described in this concept. However, there are some limitations that may need to be considered. One, the General Commercial zone, which covers a large portion of the site, does not allow golf courses. This would limit any golf course to the Waterfront Mixed Use zone closer to the river, if zoning is not changed. Both zones do allow recreation sport centers. Two, the availability of water and appropriate water infrastructure may be an issues as all of the recreation options, especially golf courses, are fairly water intensive uses.

In addition, there are already a number of golf courses in the area that a new facility in the North End would be competing with. Overall, there are six golf courses in Chelan County and four golf courses in Douglas County. Three of these golf courses are within 10 miles of the site. These include the Wenatchee Golf and Country Club and the Highlander Golf Course, on the East side of the Columbia River, and Three Lakes Golf Course, on the West side of the River.

A soccer recreational facility totaling more than 40 acres has a limited number of locations within Douglas and Chelan Counties it could locate. Most parcels that large are in rural areas, which have limited water and public facilities available. The North End area is the only location within the Wenatchee and East Wenatchee urban growth areas that could accommodate a facility that large.

The AppleSox stadium also has a limited number of potential undeveloped sites large enough within the Wenatchee and East Wenatchee UGAs; there are only 16 sites of 10 acres or more. All of these are privately owned, which limits the financial feasibility of moving the stadium to one of these sites.

Economic Development Impact Assessment

None of the recreation uses described would have a large number of jobs associated with the facility, especially give the large area of land they would occupy. In addition, many of the jobs would likely be part-time and/or seasonal.

The soccer facility does have the potential to draw people from outside the region for large tournaments, bringing additional visitor spending to the area. An indoor facility would bring people to the facility year-round, especially during the winter months when tourism drops off. Whether this type of facility could support additional retail or accommodation development would depend on the size and frequency of events.

A golf course would not draw many addition people from outside the region given the number of courses already in the area unless is it was able to distinguish itself as a destination in the region and/or state. A course with housing oriented around the facility would be more of an amenity for residential development, such as Sunterra. However, this type of facility could attract some additional visitors and visitor spending to the area from vacationers.

A new AppleSox stadium (with potentially good views) may be able to draw larger crowds from the local area, but would likely not draw people from outside the region or increase total visitor spending in the area.

3.4 Public-Private Agri-Tourism

Concept Profile

Agri-tourism focuses on value added and experiential agriculture products such as wine, micro-brewed beer, and cider, for example. In the last decade, the wine industry has been growing and is emerging as a significant economic sector across the state. During that time, the number of wineries in Washington has nearly quadrupled. Today, there are an estimated 650 wineries in Washington. The wine industry is also rapidly developing in Chelan and Douglas Counties (as well as in the broader central Washington

area). The industry was almost non-existent in 2000, but by 2012 it had grown its employ over 200 jobs directly (not counting the overlap with orchards and farms).

The industry supports the local tourism industry by providing another high value amenity to the region, one that attracts investment and visitor spending. It also helps sustain the local agriculture sector by enabling growers to diversify their crop base and/or substitute a higher margin crop in place of a lower value crop.

A unique aspect of this component is the larger role and level of public support for this type of development. The Port of Walla Walla and the Port of Benton County have embarked on publicly-backed economic development projects to support their local wine and tourism industries. In Douglas County, the relevant public agencies may want to consider how to support the region's wine industry. Incubator facilities have the ability to support production/distribution of wine and/or value-added agriculture products in the region.

Illustrative Examples

Port of Walla Walla Wine Incubator

The Port of Walla Walla has a wine incubator located in their industrial park at the regional airport. The site is approximately an acre in size and is fully served by utilities. The incubator started with three buildings in 2006 and has since added two others. The spaces averaged about 1,300 square feet each. Phase 1 had \$985,000 in funding from the State with a total budget of \$1.2 million. Phase 2 involved \$500,000 from the State and \$165,000 from the airport's operating budget. The Port offers new wineries up to six years for a non-renewable lease. Rent starts at \$1,000, increasing to \$2,200 over time. No wine making equipment is provided but the facility does have a large crush pad.

Exhibit 21: Port of Walla Walla Wine Incubator



Source: Wild for Washington Wines, May 2013

Port of Benton County: Prosser Wine and Food Park

The Port of Benton County offers an "incubator like" facility at their Prosser Wine and Food Park. The incubator building offers 1,000-3,000 square feet of space to wineries and a beer brewing company. The buildings already existed on the Port property, and it charges \$1,200-1,250 per month for rent on the site. No wine making equipment is provided. There is no time limit on the lease length, which is why the Port does not identify it as an "incubator" building. Phase 2 of the Park is purchased property that will be developed into processing plants, warehouses, and high-end wineries.

Exhibit 22: Prosser Wine and Food Park

Source: Port of Benton County, May 2013.

Port of Benton County: Prosser Vintner's Village

Prosser Vintner's Village is a 50 acre site that consists of wineries, tasting rooms, and a restaurant. It was built in two separate phases, and facilitated by the Port of Benton County. Starting in 2006, the Port sold part of the industrial park to Hogue Wines to kick-off Phase 1. The 32-acre Phase 1 is aimed directly at consumers/tourists and is served by trails and other amenities. The area now has 14 wineries and tasting rooms, one with a wine bar, and one full service restaurant. Phase 2 will add an additional 18 acres adjacent and to the south of this property. The Port paid \$1.1 million for the property in October 2008 in preparation for this expansion.

The Port is currently seeking responses to a Request for Proposal for developers and buyers that will place wineries, microbreweries, wine manufacturing, and commercial and retail services on the site, consistent with Phase I. The Port would like Phase 2 of Vintner's Village to complement the existing uses and continue to attract visitors to the area.

Exhibit 23: Prosser Vintner Village



Source: Port of Benton County; Accessed May, 2013.

Winemaker's Loft is a private wine incubator space located in Phase 1 of the Village. It provides tasting rooms and other facilities for seven wineries. The facility is not designed for large-scale production (each winery has the space to produce about 1,000 cases), but instead is a place where small startup wineries can use its space for fermenting, aging, and storage at a low cost. Users also share the provided crush pad and equipment.

Site and Location Needs

Winery Incubator. The incubator concepts cited above can be accommodated on a range of sites that could be in rural to urban settings. Depending on scale, most of these concepts will need less than an acre of land. Outside of the production function, the sites are looking to combine a retail experience that, at a minimum, includes a tasting room – but could also include other experiential retail uses or food service. These sites need the typical range of water/sewer and electrical utilities, and there are no special considerations.

In terms of location needs, these facilities are trying to balance access to “customers” with proximity to the more agricultural settings where wine grapes are grown. Of the two, highway access chained to a region’s wine grape growers/producers is more important since businesses producing wine have offsite avenues for selling their goods.

Winery Cluster. The winery cluster is a more novel concept that seeks to combine a series of different, but related, concepts of winery and tourism. The concept could be pursued by either a public or private actor. However, given the need to restrict uses to those complementary to the wine industry, it is more likely that a public agency will have the ability to take on risk and be patient with its capital.

Competitive Assessment

The region has several strong market indicators demonstrating that winery incubator or winery cluster could be considered. These include:

- The region is home to a rapidly developing wine growing and making industry. Combined with the region’s strength in agriculture and great growing climate, the wine industry has access to production inputs (i.e. labor and materials).
- The region recently received designation as an American Viticultural Area and is considered to have ideal climate and growing conditions for wine production.
- The strength of the region’s regional tourism industry provides access to a large market of consumers and broad consumer exposure.
- The region offers a high quality of life oriented around the outdoors and recreation; a key location decision factor for wine industry professionals.
- The region offers close proximity to markets and business services. It is also the closest wine region to the Puget Sound metropolitan region.

The key issue for the North End area is its proximity/distance to the wine making and vineyard locations in the Leavenworth and Chelan areas. The access afforded by US 2/97 should work in its favor, however. From a supply perspective, an incubator facility could likely be competitive at a number of areas in the region given its ability to go into an urban to rural settings. A winery cluster concept could be workable in the area, but would need to create a significant demand generator, such as the Vintner’s Village example and its synergy with the other uses.

The Waterfront Mixed Use and General Commercial zoning at the site should be sufficient to accommodate incubator uses. A winery cluster concept might have to consider allowing for single-family residential uses as part of the vineyard/winery function to account for small producers who would benefit from economizing their business and residential needs. An incubator use would need the typical range of water/sewer and electrical utilities – there are no special considerations. For the wine village concept, significant investment in internal circulating roads would be necessary, and the site would like to orient towards the highway for increased access and visibility.

Economic Development Impact Assessment

The direct job returns of an incubator or wine cluster would be modest. Most of the tenants of the cluster would be single firms consisting of one to two wine makers. The winery cluster would likely have more direct job impact, employing people in wine production, wholesale, marketing, and retail occupations. Both concepts would help support the region’s agricultural business through increasing demand for grapes and other related services. The quality of wage and income in this industry is difficult to pinpoint with well compensated wine makers, down to support staff making the area median wage.

While business incubators vary in the type of support processes and services they provide, their goals are the same: to help firms cross the multiple hurdles encountered by an early-stage business start-up and to “graduate” more mature, stable firms. To accomplish this aim, incubators offer a variety of facilities, services, and intangible resources to tenants. Incubators may be both publicly or privately sponsored and governed. The pursuit of an incubator facility would be an investment in the region’s entrepreneurship capacity within the agri-tourism industry. The impact of such a strategy would augment the region’s brand as a wine growing/making area as well as supporting the local tourism industry through increase demand for accommodations, retail spending, and other tourism spending.

3.5 Tourism: Multi-concept Destination

Concept Profile

This concept will evaluate a destination-oriented development where the primary source of demand is created on the property itself. These types of developments typically pull together several uses on the site (i.e. accommodations, personal services, entertainment, recreation, etc.) that could draw visitors from within and outside of the region. These uses leverage existing assets in the region, such as agri-tourism, recreation opportunities, and the natural setting.

Planned developments and sales of Northwest destination resorts and development sites have met a cool reception since the real estate-fueled financial crisis of 2008. Much of the growth in the destination resort industry that drove the second-home market has dissipated. That market has struggled in the last five years and continues to clear unsold inventory. This has kept capital lending tight on the financing of new development sites.

However, the national and regional market for these sites is beginning to firm up now that the economic recovery has shown to be on track, and the housing market is rapidly improving. According to a recent survey by the Urban Land Institute (ULI), lifestyle resort developers say that their market has recovered from the recession, and demand is picking up. The most successful projects mix for-sale residential property with hotels and a wide range of amenities, activities, and services. Golf, beaches, and marinas attract buyers, but so do activities that interest family members of specific demographics and allow families to spend quality time together. Much of the optimism in this market is drawn from bullishness on continued growth in affluence in major metropolitan markets.

Illustrative Examples

Cave B Inn & Spa and SageCliffe Master Planned Resort

Located at the Columbia River and I-90, Cave B is a 290-acre property that is actually entitled as two separate entities, Cave B Inn & Spa and SageCliffe Master Planned Resort. It is centrally located, about 2.5 hours from both the Seattle and Spokane regions, and located on the Columbia River, next to the Gorge Amphitheater. It is next to thousands of acres of undeveloped federal and state land along the river and to the north, which is accessible from the resort for walking, hiking, mountain biking, and horseback riding. The resort is positioned as a corporate retreat, culinary center, or vacation resort.

Cave B Inn & Spa comprises 30 guestrooms (including 15 luxury stand-alone houses along the cliff) across 130 acres. The Inn also has a full-service spa, pool, and Tendrils (a fine-dining restaurant). The Cavern Theatre, on top of the cavern rooms, is 2,790 square feet of outdoor event space. It includes the Roundhouse banquet facility, a full-service banquet kitchen, a 200-person event/meeting area, and large retail space currently housing the winery tasting room. The space is used for corporate and private events.

SageCliffe Master Planned Resort is approximately 160 acres and includes 25 existing yurts, the winery properties, vineyards, orchards, and undeveloped parcels planned for hospitality, residential, and commercial uses. All parcels have supporting water rights and entitlements including a staked out golf course, 48 lodging unit golf village, and club house.

Exhibit 24: Cave B Inn & Spa and SageCliffe Master Planned Resort



Source: Cave B Website: accessed May, 2013.

Great Wolf Lodge: Grand Mound, Washington

Great Wolf Resorts is a Wisconsin-based chain of indoor water parks and hotels. Opened in 2008, the Grand Mound site is located just off I-5 about one and one half hours between each Seattle and Portland. The lodge was a joint venture with the Confederated Tribe of the Chehalis Reservation and reportedly cost \$170 million to construct. The project has an indoor water park and a hotel configuration for 500 rooms. The resort also features restaurants/bars and retail shops. There is also a separate 20,000 square foot convention center.

Estimates are hard to come by, but similar sized Great Wolf Lodges generate about 400,000 visitors a year. The typical Great Wolf Lodge features an indoor waterpark of approximately 75,000 square feet and – while total (indoor) development area varies – most lodges are approximately 430,000 square feet and occupy at least 10 acres.

Exhibit 25: Great Wolf Lodge (Grand Mound, Washington)

Source: BERK, 2013

Site and Location Needs

These master planned resorts require large sites. In the example of a Great Wolf Lodge, the development could occupy 10-20 acres of land. That amount is small in comparison to a larger lifestyle resort like Cave B that occupies nearly 300 acres – albeit at very low densities and far from being fully built out. These resorts need to be located in a 2-3 hour driving proximity of major metropolitan areas with good interstate highway access. In the case of a lifestyle resort, the site will need to have access (or space on site) for a variety of recreation and amenities.

Competitive Assessment

As stated earlier, the investment situation for these resorts is looking better. However, many of the domestic resorts are targeting the second home and vacation rental market as consumer confidence in the economy and housing values return to pre-recession levels. The study area site's strengths are its access to the Puget Sound market, great views to the Cascade mountains, growing urban amenities in the Wenatchee/East Wenatchee area, and access to the regional trail system. The existing tourism market in the region fits this profile well. However, the challenge for the area is creating enough on-site amenities to make the housing product valuable to buyers.

Questions about waterside uses and water-related recreation may limit the marketability of the waterside sites. Without this access, the area will have to leverage recreational uses like the trail or the provision of a golf course. A resort might also have to create a brand/experience around wine-making/vineyard, much like the Cave B example.

The existing zoning would allow for a planned unit development district. Since the area is within East Wenatchee's UGA, it should not have to proceed under the State's Master Planned Resort conditions. Infrastructure to and within and to the site will be crucial to any resort. The extension of water/sewer and internal circulating roads will be a major hurdle for any project. Acquisition of water rights is a significant barrier-to-entry for other proposed developments – especially those sites that might target water intensive uses such as a golf course or vineyard. It's unclear as to the extent this is an issue for many of the larger properties in the North End area.

The great challenge to a resort in the study area will come from competitive sites/opportunities in the region that are already established or better positioned. As profiled earlier, the Cave B site is entitled for additional development, Suncadia Resort in Cle Elum has not broken ground on many of their entitled units, and Desert Canyon and Bear Mountain Ranch in the Chelan area have struggled during the recession but are beginning to see more activity. In addition, there is the entitled 432 acre Rivercourse Master Planned Resort in Orondo, which has yet to break ground as well as the conceptual "Daybreak at Lake Chelan," a 1,000-acre upscale community including 800 homes and two golf courses on Chelan Butte.

Economic Development Impact Assessment

A destination resort as described in this section would bring many jobs and help support existing businesses in the area's tourism industry. The total scale of the job impact of a master planned destination resort can be sizable. For comparison, Suncadia, a similar sized resort, employed about 250 people at its peak. About half of the employment was full-time with the remainder in part-time jobs. The wage profile of the bulk of employment fits many of the accommodation and retail employment cited in the mixed used development section above. To be successful and beneficial to the region, the resort must offer something special in the marketplace to differentiate it from other resorts and offer a package of high quality recreational opportunities and amenities capable of drawing visitors from distant places.

3.6 Higher Education Facility

Concept Profile

This concept looks more in depth at the location of a four-year higher education institution or branch campus in the North End area, and specifically the criteria the Washington Higher Education Coordinating Board (HECB) uses in making recommendations on whether a community makes sense for a major expansion of a higher educational facility.

The HECB's 2009 System Design Plan for higher education facilities in Washington State recommends an "expand on demand" approach when demand is "clearly present". Establishing demand requires that a project address criteria on the demand for educational degrees and current programs offered. Specifically, the Revised Code of Washington (RCW) 28B.77.080 discusses the needs assessment criteria for recommendations on major expansions of institutions of higher education. The first sets of criteria are a threshold level assessment. If the proposed major capital expansion is deemed justified based on the following criteria, the proposal is then evaluated based on additional criteria.

RCW 28B.77.080(1) Council recommendations regarding proposed major expansion shall be limited to determinations of whether the major expansion is within the scope indicated in the most recent ten-year plan for higher education or most recent system design plan.

(2) As part of the needs assessment process, the council shall examine:

(a) Projections of student, employer, and community demand for education and degrees, including liberal arts degrees, on a regional and statewide basis;

(b) Current and projected degree programs and enrollment at public and private institutions of higher education, by location and mode of service delivery;

(c) Data from the workforce training and education coordinating board and the state board for community and technical colleges on the supply and demand for workforce education and certificates and associate degrees; and

(d) Recommendations from the technology transformation task force created in chapter 407, Laws of 2009, and institutions of higher education relative to the strategic and operational use of technology in higher education. These and other reports, reviews, and audits shall allow for: The development of enterprise-wide digital information technology across educational sectors, systems, and delivery methods; the integration and streamlining of administrative tools including but not limited to student information management, financial management, payroll, human resources, data collection, reporting, and analysis; and a determination of the costs of multiple technology platforms, systems, and models.

For a four-year institution, a community would have to submit a proposal to the HECB primarily addressing (2)(a) and (2)(b). The HECB then reviews the proposal and makes a recommendation to the Legislature.

Market Demand

Washington's growing population and employers' need for an educated workforce is the major source of demand for additional or expanding higher educational facilities in the future. The HECB in coordination with the State Board for Community and Technical Colleges and Workforce Training and Education Coordination Board are required to issue reports projecting the need for higher education degrees to meet long-range occupational forecasts. The most recent report in 2011 projected the state will need an additional 10,000 people with bachelor's degrees and 9,000 with graduate degrees above current levels of degree production by 2019 to meet employer demand⁷. By occupation at the bachelor's level, the need is largest in computer science (1,171), engineering (663), and health care (397).

The 2009 System Design Plan estimated the potential increase in bachelor degree production by 2030 for different regions in the state compared to the planned capacity of institutions in those regions to support more students. The Central and Southeast region, which includes Douglas and Chelan Counties, had a goal of about 1,500 additional bachelor degrees needed by 2030 above current levels of production.

Illustrative Example

Washington State University, Tri-Cities is a branch campus of Washington State University's main campus in Pullman. WSU Tri-Cities was founded in 1989 and is located in Richland, Washington. The campus developed as a partnership between Washington State University, the Pacific Northwest National Laboratory, and the Port of Benton County, who provided the land for the campus. Overview statistics for the campus include:

- Campus Size: 200 acres, the main campus is 110 acres, with about 1/3rds of the main campus developed.
- Enrollment: 1,438 students.
- Faculty: 90 full-time, 200 plus adjunct.
- Academic/Administrative Staff: 82
- Degrees: 18 different bachelor degrees, 10 different graduate degrees, and 6 doctoral degrees.

⁷ A Skilled and Educated Workforce; Washington Higher Education Coordinating Board, State Board for Community and Technical Colleges, Workforce Training and Education Coordinating Board; 2011.

- Areas of study: Agriculture and natural resources, business, engineering, liberal arts, nursing, and education.

Exhibit 26: WSU Tri-Cities Campus



Source: Bing Maps, 2013

One area of study unique to WSU Tri-Cities is viticulture and enology. The campus' wine science program supports the growth of the wine industry in Washington State. In partnership with the state's wine industry, a Wine Science Center is currently under construction on the campus, and it will serve as a statewide research and education center.

The 2008 master plan for the campus envisions a total enrollment of up to 5,000 or more students on the campus when fully built out.

Site and Location Needs

Likely the most important location factor in considering sites for a new four-year branch campus is regional access to higher education, especially for underserved communities. The 2009 System Design Plan found that the Central and Southeast region, which includes Douglas and Chelan Counties, has more planned capacity for degree production than needed to meet the 2030 undergraduate education goals. Institutions in central Washington that grant four-year degrees include Central Washington University – Wenatchee branch, Central Washington University (1.5 hours from East Wenatchee), and Washington State University, Tri-Cities branch (2 hours from East Wenatchee).

The System Design Plan also made recommendations on expanding baccalaureate capacity over the near-term. Recommendations that relate to branch campuses include⁸:

⁸ System Design Plan, Washington Higher Education Coordinating Board, 2009, Page 32

- Growing current branch campuses to their full planned capacity.
- Providing additional services to under-served regions, including Kitsap, Clallam, Snohomish, and Pierce Counties, through the expansion of existing university centers and sites.
- Expand applied baccalaureate degrees at university centers and community and technical colleges. Note, four-year programs offered at Central Washington University – Wenatchee would likely fall under this recommendation.

Competitive Assessment

Given the state's limited funds and the recommended policy of basing major capital expansion on clear demand, it is a difficult case for the development of a branch four-year institution in East Wenatchee. Regional four-year institutions such as Central Washington University and WSU Tri-Cities have more than enough planned capacity to meet regional degree production goals. In addition, unique degree programs for the East Wenatchee area, such as viticulture, are already established at WSU Tri-Cities. Programs of statewide emphasis, such as science, technology, engineering, and mathematics (STEM), are also available at WSU Tri-Cities and/or Central Washington University. The HECB has already recommended a branch campus at Everett (an under-served region), but the Legislature has yet to provide funding for the establishment of an institution there.

A more likely path for the East Wenatchee area in increasing the availability of four-year degrees is building on the programs available at Wenatchee Valley College. The college already offers a limited number of four-year degrees in association with Central Washington University.

The study area would be large enough to support the establishment and capacity for growth of a four-year branch campus. The site does have good regional accessibility as well. Infrastructure, such as sewer, would need to be provided. Both the General Commercial and Waterfront Mixed Use zones allow colleges and institutional uses.

Economic Development Impact Assessment

Job impacts of a higher education institution include the direct number of jobs associated with facility. For a campus similar in size to WSU Tri-Cities there are less than 200 full-time faculty and staff. Wages for faculty members are well above the area's median wage of \$24,554⁹, however. Exhibit 27 lists the annual wage for post-secondary teachers in Washington State. Wages for administrative staff job would likely be similar to a number of the occupations cited in the office category in the mixed used development concept, which would also be above the area's median wage.

⁹ US Census, American Community Survey 1-Year Estimate, 2011

Exhibit 27**Annual Wage by Higher Education Occupations in Washington State, 2012**

Category	Occupational Title	Annual Wage
Higher Education	Engineering Teachers, Postsecondary	\$98,453
Higher Education	Atmospheric/Earth/Marine Sci Teachers, Postsecondary	\$84,336
Higher Education	Biological Science Teachers, Postsecondary	\$80,774
Higher Education	Agricultural Sciences Teachers, Postsecondary	\$74,861
Higher Education	Mathematical Science Teachers, Postsecondary	\$73,466
Higher Education	Computer Science Teachers, Postsecondary	\$71,741
Higher Education	Social Sciences Teachers, Postsecondary, A/O	\$63,120
Higher Education	Vocational Education Teachers, Postsecondary	\$59,448
Higher Education	Art, Drama, & Music Teachers, Postsecondary	\$57,882
Higher Education	English Language & Literature Teachers, Postsecondary	\$57,727
Higher Education	Social Science Research Assistants	\$42,337

Source: Washington Employment Security Department, 2012

More important to the local economy than the direct jobs associated with a small campus, is having an educated and skilled population and workforce. In a global and information based economy, an educated population is a key factor in maintaining and increasing economic prosperity. A key value of having a local higher education institution is the capacity to provide educational opportunities for the local population. A more educated local workforce provides those individuals more and better job opportunities as well as supporting the workforce needs of local businesses.

In addition, higher education institutions can support regional high priority economic sectors, such as agriculture, manufacturing, and technology, through partnerships and research. The Wine Science Center at WSU Tri-Cities is a good example of this type of partnership and collaboration.

4.0 MARKET STRATEGY AND IMPLEMENTATION PLAN

The purpose of this section is to provide a road map for all stakeholders involved in the planning process to move forward in a coordinated process. It will outline the infrastructure needed to support development, describe action steps that can be taken, and it will identify potential funding sources.

4.1 Infrastructure Summit

After the project work for the North End Area Market Study was complete, the Port of Douglas County hosted a public meeting, or Infrastructure Summit, on March 12, 2014 for elected officials and staff from all of the jurisdictions and service providers overlapping the North End study area. The meeting reviewed the findings of the Regional Market Analysis and Land Use Competitive Assessment, and provided two local case studies describing how the East Wenatchee Water District and the City of Wenatchee addressed the financial challenges of funding infrastructure improvements. Lastly, elected officials and staff broke out into small groups to discuss the challenges and opportunities for coordinating planning and infrastructure development within the study area.

Breakout Session Summary

The discussion from each of the breakout groups had some common themes related to the challenges and potential solutions, which are summarized below.

Challenges

- Each jurisdiction has its own responsibilities and set of policies, which do not always align with other organizations.
- There are no specific plans for the study area beyond the current comprehensive plan designations.
- Each organization has different funding sources and challenges, yet many infrastructure improvements need to occur at the same time to realize cost efficiencies.
- The costs and risks for making the initial infrastructure improvements needed are not distributed equally among the different organizations.
- There is a risk of development not materializing to justify investment in infrastructure.
- Communication among jurisdictions at the elected official and staff level could be improved.

Solutions

Planning

- A more detailed master site plan is needed for the area, specifically for creating an agreed upon vision and capital facilities.
- Organizations need to coordinate policies on growth and development.
- A public process could be started to engage property owners to talk about district-wide planning.
- Ensure that the development in the study area has a return on investment to justify the spending on infrastructure improvements.

Funding

- Common funding sources should be pursued.
- Determine what share of infrastructure improvements private development should pay.

- Consider inter-local agreements to pursue joint funding.

Communication/Coordination

- Establish regular meetings of elected officials from each agency.
- Appoint a coordinator to move the process along.

These comments and the findings from the previous work informed the development of the implementation plan detailed in the following sections.

4.2 Community and Economic Development and Infrastructure Implementation Plan

Infrastructure Needs

RH2 Engineering worked with BERK to determine the different infrastructure needs for the development concepts reviewed in the Land Use Competitive Assessment. Regardless of the particular concept or combination of concepts, this work determined that the development of the site would require the same initial infrastructure improvements in the study area. Two key infrastructure improvements required include providing sanitary sewer to the site and the development of the local road network to provide access to the area. Other utilities, such as telecommunications, cable, power, and water, would also likely be installed at the same time as road improvements.

Before improvements can be made within the study area, Douglas County and the Douglas County Sewer District would need to extend road and sewer infrastructure improvements up to the south end of the study area, just to get services to the edge of the study area. These improvements include:

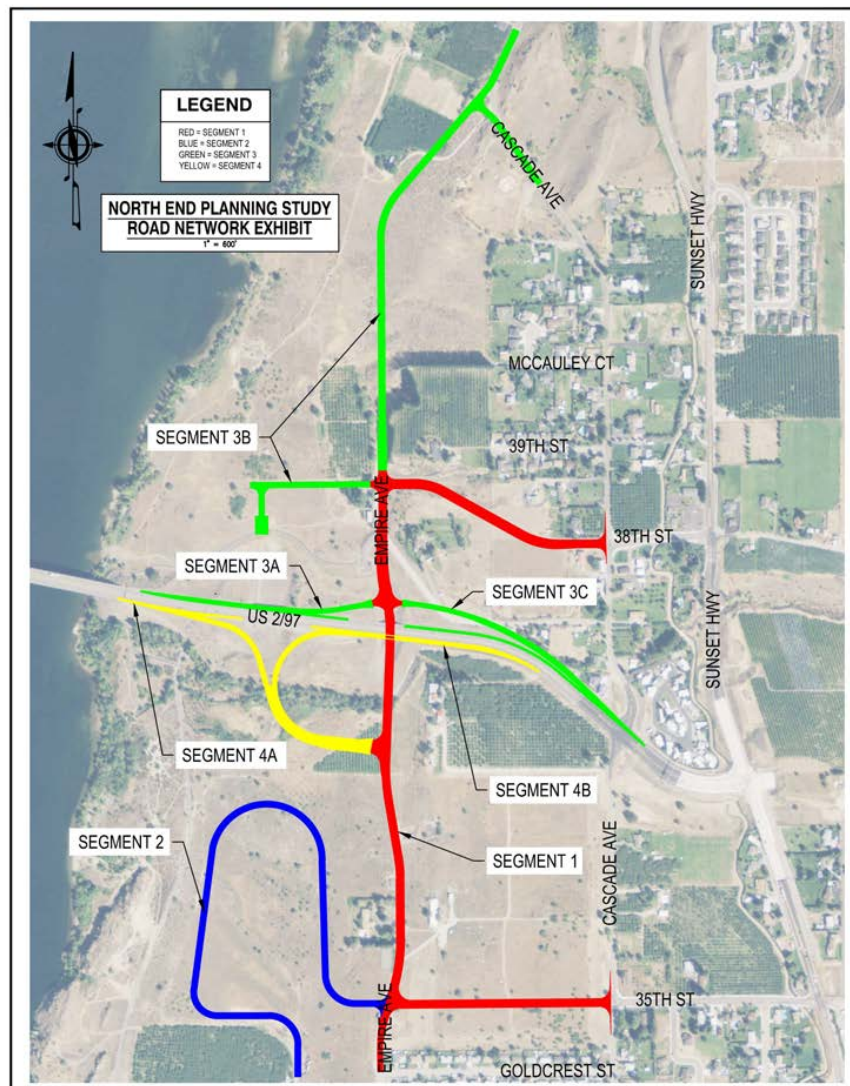
- Improve/enhance Empire Avenue from 27th Street to 35th Street. This project is currently on Douglas County's TIP.
- Extend the sewer main along Empire Avenue from 29th Street to 35th Street. This project is currently on the Douglas County Sewer District's CIP (project E1), and it needs to occur concurrently with the improvement of Empire Avenue.

Road Network

The total cost of road improvements needed to provide access and a network spine for the site is an estimated \$26.2 million. However, these improvements can be built as individual segments as the area builds out. Exhibit 28 shows the conceptual layout of the road network by segment. The first segment extends Empire Avenue to 38th Street and the extension of 35th Street and 38th Street to meet Empire Avenue. These improvements are an estimated \$8.45 million. Segment 1 could be broken into smaller, less expensive components to make it easier to fund, such as extending 35th Street to connect to an improved Empire Avenue. Exhibit 29 lists the high-level cost estimates for those road segments.

Roads other than those shown, which would provide internal circulation within the study area are assumed to be the responsibility of the private developers and will be built as the study area develops over time.

Exhibit 28
Conceptual Road Network Map



Source: RH2 Engineering, 2013; BERK, 2013

Exhibit 29
Conceptual Road Network Cost Estimates

Road Network	Estimated Cost
Phase 1 (Red)	\$8,450,000
Phase 2 (Blue)	\$3,230,000
Phase 3 (Green)	\$8,550,000
3a	\$2,700,000
3b	\$4,130,000
3c	\$1,720,000
Phase 4 (Yellow)	\$5,970,000
4a	\$2,830,000
4b	\$3,140,000
Total	\$26,200,000

Source: RH2 Engineering, 2013

Sewer System

Sewer system improvements needed total an estimated \$4.83 million. This does not including the cost of extending a sewer main up Empire Avenue to the south edge of the study area, which is needed before the main can be extended through the study area. The improvements within the study area include two different gravity mains and two separate lift stations.

Exhibit 30
Sewer System Cost Estimates

Sewer System	Estimated Cost
Gravity Main Extension 1	\$1,190,000
Lift Station 1	\$1,410,000
Lift Station 2	\$1,230,000
Gravity Main Extension 2	\$1,000,000
Total	\$4,830,000

Source: RH2 Engineering, 2013

Water System

Internal system extensions will be needed as development occurs to connect to the existing water main that runs through the study area. These extensions will be funded primarily by private development, as needed.

Power & Communication Systems

Internal system extensions will be needed to connect to existing power lines, telephone lines, and cable networks. These utilities are generally located within right-of-ways and are included as roads are developed within the study area.

4.3 Implementation Framework

This section outlines the process for addressing the infrastructure needs within the study area and provides a road map for realizing these initial infrastructure investments. Lastly, there is a list of the funding needs for infrastructure improvements, who is responsible for constructing the improvements, and what funding options are available.

There are a number of stakeholder agencies involved in the implementation process. Exhibit 31 lists these agencies and what their role is in the implementation process regarding infrastructure development, regulation, and/or coordination and outreach.

Exhibit 31
Stakeholder Agencies and Role

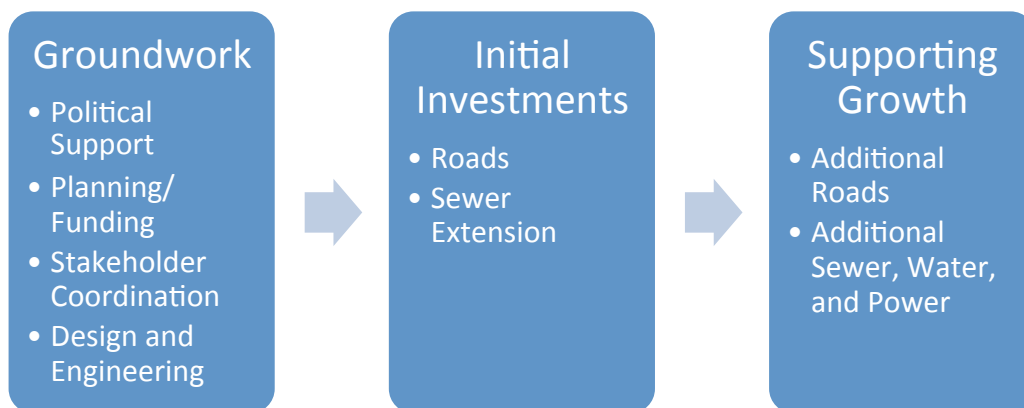
Stakeholder Agency	Infrastructure Role	Regulation Role	Coordination/ Outreach
City of East Wenatchee		Land use	Yes
Douglas County	Roads	Land use, Roads, Stormwater	Yes
Douglas County Sewer District	Sewer	Sewer	Yes
Douglas County Public Utility District	Electricity		Yes
East Wenatchee Water District	Water	Water	Yes
Eastmont Metro Parks and Recreation	Parks		Yes
Port of Douglas County			Yes
Washington Department of Transportation	Roads		Yes
Wenatchee Valley Transportation Council	Roads		Yes

4.4 Sequence and Coordination

A coordinated process among stakeholders will be needed to develop the infrastructure improvements to support development of the study area. There are a number of stakeholders involved, each with their own responsibilities and goals. To begin the process, the individual stakeholders will need to gain support from their respective elected officials and representatives, and create a common vision and understanding before the initial engineering design and construction processes can move forward. This section groups the needs discussed above into near-term, mid-term, and long-term items, and outlines what actions need to be taken and by whom.

The process from the present to full buildout of infrastructure and the site has three different phases that build on each other sequentially. Exhibit 3 shows the phase and broad components within each phase.

Exhibit 32
Framework for Stakeholder Action



Source: BERK, 2013

The first “groundwork” phase includes near-term actions that lay the groundwork for coordinated infrastructure funding and construction among each of the stakeholders. This phase requires getting each individual stakeholder agency on-board with investing in infrastructure to support the

development of the study area, creating a common vision and plan for the development of the area, and various due diligence tasks needed from each stakeholder before any improvements can be built.

The initial investment phase includes mid-term construction of key initial infrastructure improvements to provide transportation access, sewer service, and utilities to the south end of the study area. Given local agencies financial constraints, these first investments will likely be funded from a variety of sources, including local agencies, state and federal matching funds, and private contributions.

Lastly, supporting growth includes longer-term construction and extension of additional infrastructure improvements as development occurs. In addition to providing an infrastructure backbone, internal service connections for water, sewer, power, and roads will also be constructed. Some of this infrastructure is funded by the local agency and some will be funded by private development as it occurs.

Return on Investment

While infrastructure investments may be needed to support development of the study area, stakeholders funding those infrastructure improvements have limited financial resources for the infrastructure required. As a result, stakeholders will want to ensure a minimum fiscal and socio-economic return to justify their investment of limited public taxpayer and/or ratepayer dollars.

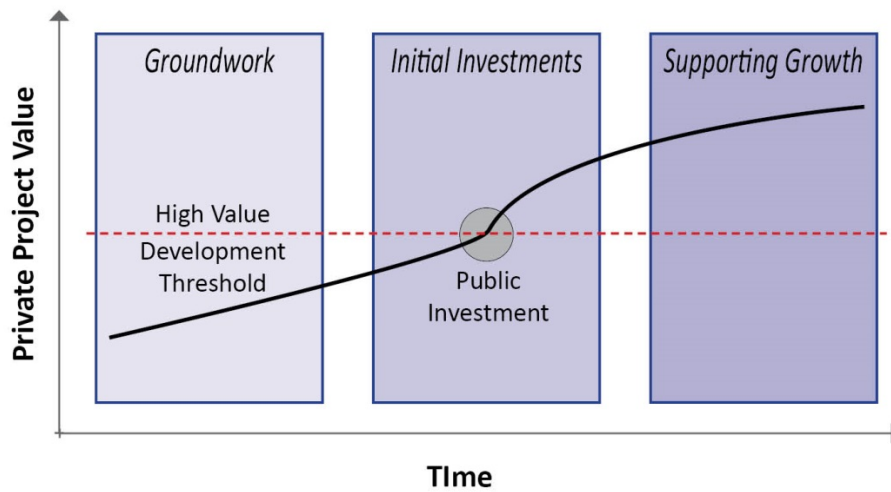
In addition to a fiscal return, the type of development occurring should support the region's broader economic development efforts and other goals, such as recreation opportunities, quality of life, and overall community health. The development of the study area with low intensity uses that yield limited fiscal and economic development potential would represent a missed or lost opportunity for the region. Public agencies will need to evaluate the timing of their infrastructure investments to ensure that those investments yield acceptable levels of fiscal and socio-economic returns.

Public Investment Timing

The difficulty for the stakeholders, especially those who are responsible for initial investments, is timing the construction of the initial infrastructure investments with market demand for higher intensity uses in the study area. Exhibit 33 depicts an ideal situation where investments are made in line with demand for higher intensity uses on the site.

The vertical axis represents the value of a development project that is supported by the market. The value of a project is based on how much the developer is willing to pay for property to locate there. Interest in the study area has been historically, and is currently, for relatively low intensity uses with a limited return on investment. As the regional economy grows over time, and fewer sites with similar characteristics as the study area are available, the demand for locating in the study area will increase, along with the price developers would be willing to pay. At a certain point in time, projects that can realize the most value from locating there will pay more than other uses. It is at this threshold point where higher intensity projects become feasible. When public investments are made in infrastructure, the value of the area is unlocked, resulting in an even bigger increase in potential project value.

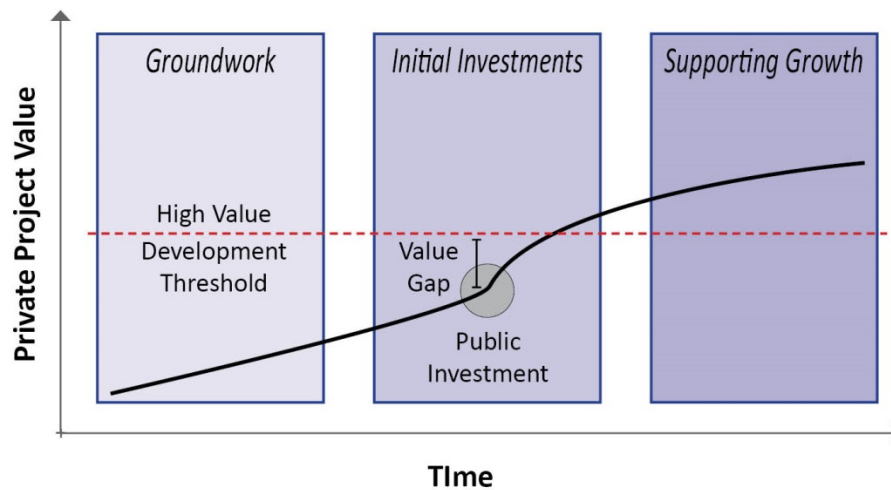
Exhibit 33
Public Investment In Line with Higher Value Market Demand



Source: BERK, 2013

If the initial public investments increasing the potential value of the study area occur before higher intensity development projects are feasible, lower intensity uses will take advantage of available land and prime location to develop the property for their projects. The economic returns of these lower intensity uses may not pay off enough in the long term to justify the investment in infrastructure. Exhibit 34 shows the different project value over time when infrastructure investments are made before higher intensity developments are feasible. This difference in development realized versus development potential – or value gap – represents a missed opportunity and lost potential over the long-term.

Exhibit 34
Public Investment Prior to Higher Value Market Demand



Source: BERK, 2013

Overall, the larger risk for stakeholders making infrastructure investments is to spend their limited financial resources when the public returns may be too low. If the initial public investments occur somewhat after higher intensity development projects become feasible and these projects cannot develop within the study area, there is some risk they may occur at another location in the region, may be delayed, or they may not occur at all. However, due to the unique characteristics of the site, it is

likely at some point a project of higher intensity will locate there if it is feasible, when access and services are provided.

4.5 Road Map for Moving Forward

The path forward for the stakeholder agencies involves successfully navigating the Groundwork phase, which is key for meeting the study area's infrastructure needs and realizing private development in the later phase of the process. It is during this phase, where higher intensity projects are likely not yet viable, that stakeholders can work to put themselves in a position to take advantage of high-value opportunities when they do arise. The road map action items specifically focus on road and sewer improvements because these are critical components for supporting development of the study area. They also are the most expensive and challenging to fund and coordinate.

Initial steps for stakeholders should include organizing and aligning all agencies involved, as well as beginning to develop a plan for the study area for land use and infrastructure. Developing relationships with study area property owners to understand their plans and timelines will be especially important for timing infrastructure improvements with development opportunities. Once this is complete, individual agencies can begin developing their capital strategies, updating their capital improvement plans, and completing other necessary tasks. The steps below outline what specifically needs to be completed to navigate the initial Groundwork phase.

Action Item #1: Convene an Advisory Committee on Joint Infrastructure Planning

Following the Infrastructure Summit, elected officials and staff from each jurisdiction should continue to meet to build and maintain support for working together and to facilitate increased communication between organizations. The Advisory Committee should meet to discuss key issues for their respective jurisdictions, and to provide recommendations back to their respective agencies for moving together as public service providers to support coordinated, efficient, effective, and meaningful community development. The Port of Douglas County can take a lead role in organizing and coordinating these efforts. The Port and other stakeholders should also conduct outreach to individual stakeholder agencies and property owners to build and retain support.

Action Item #2: Create a Vision, Subarea Plan, and Streamlined Permitting Process for the Study Area

While much of the regulatory framework is in place to accommodate the type of desired uses, a master site planning process could help bring public and private stakeholders together to develop a common vision for the area with a more concrete regulatory framework for infrastructure improvements and development permits. In addition, those stakeholders making investments in infrastructure may want to ensure a minimum intensity of development to realize an economic return that justifies the initial capital investment.

The process should include all stakeholder agencies, study area property owners, and other members of the public. With the development of a vision and plan for the study area, stakeholder agencies can then move forward with subsequent infrastructure planning and development steps, which are discussed below.

Specifically, stakeholders may want to look into the option of doing a Planned Action Environmental Impact Statement (EIS) for the study area. A Planned Action EIS is a subarea planning process that studies the environmental impacts of different development alternatives of a subarea plan. This process shifts the State Environmental Policy Act environmental review required up to the subarea planning level instead of the project permit stage, streamlining the process as development occurs. In addition, this process can help facilitate public and private investment in the study area. At the end, a preferred

subarea plan is selected, a final EIS is prepared, and the appropriate jurisdiction, in this case Douglas County, adopts a Planned Action Ordinance defining the development allowed and mitigation required within the study area.

Action Item #3: Continue Infrastructure Planning and Develop a Capital Funding Strategy

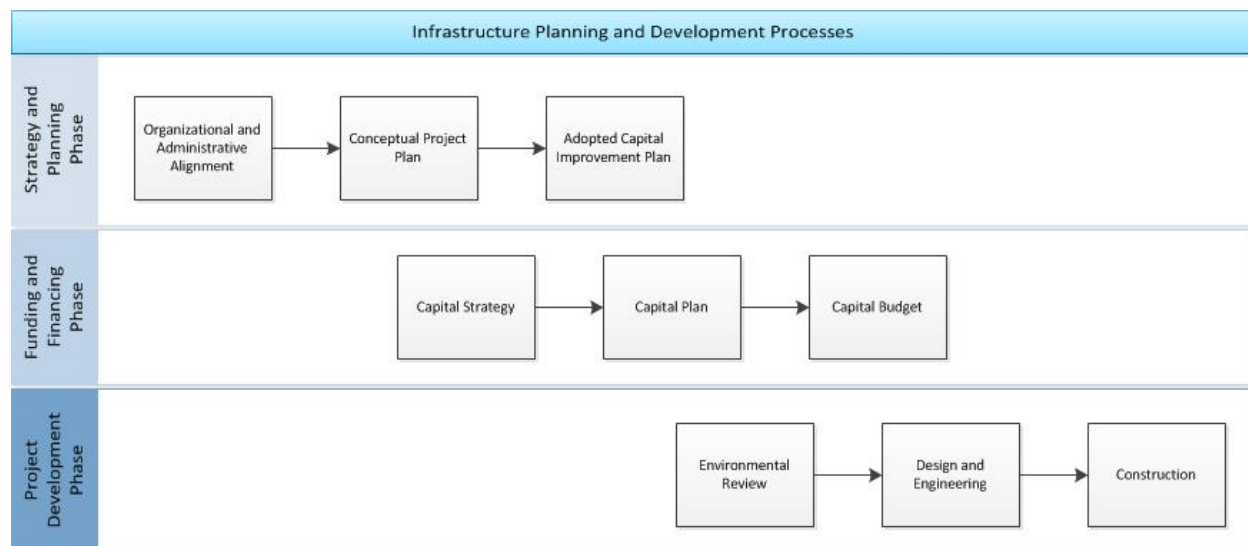
As individual agencies move forward with their responsibilities, coordination among stakeholders' infrastructure planning will enable the necessary pieces to be in place when infrastructure improvements needs to be made. Constructing road and sewer improvements together is particularly important for cost efficiency. Other utility improvements would also likely be included in the right-of-way and constructed at the same time.

In addition, throughout the planning process, stakeholder agencies should continue outreach to study area property owners to understand their potential development plans and timing. It will be essential to understand when property owners have projects they would like to develop for coordinating the initial infrastructure developments.

Exhibit 35 shows the steps of planning for and constructing infrastructure in three different phases: strategy and planning, funding and financing, and project development. A number of the early steps, such as organizational alignment and conceptual project planning, should be accomplished under Action Items 1 and 2. The funding and financing phase consists of three steps.

- **Capital Strategy:** A capital strategy includes creating high-level costs estimates, outlining long-term objectives, and identifying potential funding sources for a 10-year planning horizon.
- **Capital Plan:** A capital plan is a shorter-term plan to set priorities to meet the long-term objectives of the capital strategy, and confirms cost estimates and funding sources for specific projects.
- **Capital Budget:** A capital budget is needed as a project is ready to move forward within the next year. The capital budget allocates funds approved from specific sources to the project(s) identified.

Exhibit 35
Infrastructure Planning and Development Process



Source: BERK, 2013

For Action Item 3, relevant stakeholders, particularly Douglas County and the Douglas County Sewer District, should continue to include the necessary projects in their capital improvement plans, and

develop capital strategies for those improvements before any detailed infrastructure engineering design and construction begins. Responsibilities for planning and developing the road and sewers projects are detailed below, given their cost and specific funding and coordination challenges.

Road Projects

Douglas County

Douglas County will initially need to place Segment I, and/or the initial components of Segment I infrastructure improvements in their capital improvement programs. Douglas County will also need to develop a capital strategy for funding road improvements. The capital strategy should identify potential traditional funding sources for road improvements, such as the road levy or motor vehicle fuel tax, other funds through the Transportation Improvement Board, County Road Administration Board, or federal TIGER grants.

Wenatchee Valley Transportation Council (WVTC)

The WVTC will need to coordinate with Douglas County to position Segment I road improvements to be included in the Regional Transportation Improvement Program at the appropriate time. This will include tying the project to specific development plans and economic development potential. The County should have a sense when there is specific need for road improvements through continued engagement with property owners.

Sewer Projects

Douglas County Sewer District

The Douglas County Sewer District will need to annex the study area into the sewer district, and will also need to develop a capital strategy for funding sewer main extensions. Expanding sewer service will likely require issuing debt. As a result, the Sewer District will need to develop a debt strategy for funding sewer service in the study area, as well as meeting the District's other needs. The rate study currently being conducted for the District will help the District understand its financial position and inform the future debt strategy.

Lastly, the County and the District will want to consider ensuring that any new development hook up to the sewer system when service is available to ensure a return on its investment (currently not a practice where project can use septic systems). They will also want to consider putting policies in place regarding connecting existing septic system users to the sewer system for health as well as financial reasons. These additional ratepayers will spread the cost of infrastructure improvements and help keep rates lower for all ratepayers.

Action Item #4: Pursue the Use of Traditional and Specialized Capital Funding/Financing Tools

Traditional Funding Options

Infrastructure improvements are often a financial challenge for local service providers to fund. As a result, they typically blend different funding sources together to pay for projects. Traditional funding sources include local revenues, both of which can be, and are often supplemented with, state and/or federal funds and programs.

Road Network

Road improvements are primarily funded through state and federal funds, most of which are competitively awarded or allocated. Local revenue sources, such as property taxes, sales taxes, local option fuel taxes, and impact fees, are typically used as matching funds for these projects. State funds

include distribution of the state fuel tax and state grants, such as those from the Transportation Improvement Board (TIB) or County Road Administration Board (CRAB). Federal funds include grant programs, low interest bonds, and the distribution of federal transportation funds by the local Metropolitan Planning Organization, which in this case is the Wenatchee Valley Transportation Council.

Sewer and Water System

Sewer and water improvements are primarily funded through bonds and low interest loans backed by existing ratepayers. Low interest loans and some grants are also available from state and federal programs such as the State's Public Works Trust Fund.

Specialized Funding Options

Given the limited amount of local revenue and the competitiveness of state and federal funds, stakeholders should also consider other specialized or innovative funding options including:

- Community Revitalization Financing
- Community Facility Districts
- Local Improvement Districts or Road Improvement District
- Transportation Benefit Districts
- Late-comer agreements

Community Revitalization Financing

Community Revitalization Financing (CRF) is a form of tax increment financing created in 2001. The program authorized cities, towns, counties and port districts to create a tax "increment area". By using revenues from local property taxes generated within the area, these local governments can finance public improvements within the area.

CRF increment areas are created and administered at the local level and do not include a state contribution, and State approval is not required to use CRF. Local governments must approve contributing at least 75 percent of the increase in regular property taxes within the area towards financing the public improvements. Any fire protection district with geographic borders in the "increment area" must agree to participate.

Community Facility Districts

A community Facility District (CFD) is a financing tool created by the Legislature that allows cities and counties to finance infrastructure improvements through establishing a special assessment district. A CFD may finance a variety of improvements including water, sewer, roads, storm drainage, sidewalks, and other forms of infrastructure. CFDs have the ability to issue bonds, but must also provide security for payment of the bond. The formation of a district requires 100% of property owners within the district to sign a petition to form the district. The petition establishes the boundaries of the district, identifies specific projects to be funded, and lays out the proposed method of assessment. A CFD gives property owners more control over the district than other options such as a local improvement district (LID). A CFD also allows for more flexibility in the types of improvements funded, compared to LIDs.

Local Improvement Districts and Road Improvement District

Most local jurisdictions may form a local improvement district (LID) and levy a special assessment on properties within the LID that would benefit from the improvement. These improvements include streets, parking facilities, park boulevards, and other public places along with local transportation

systems, such as buses and railways, and the facilities necessitated by these systems. LID's may also be used for water, sewer, and stormwater improvements.

Road Improvement Districts are similar to LIDs, except they are specifically limited to road improvements in unincorporated areas. The County would initiate any RID funding program. Property owners that will benefit from the improvements would be assessed a special benefit assessment based on proportionate levels determined during the formation of the district. This special benefit assessment is paid by the property owner annually and typically over time (described in the formation petition). The County would have discretion in its financial contribution to the project's overall costs.

A LID/RID's special benefit assessment is determined during its formation, and is assessed relative to the benefits the users derive from the improvements.

Transportation Benefit Districts

In an effort to create a new revenue source suitable to fund new transportation facilities, the County may wish to create a Transportation Benefit District (TBD). A TBD is authorized to impose a vehicle license fee, sales and use tax, development fees, or vehicle tolls for construction and operation of improvements to county roadways. The TBD may be used for the reconstruction and upgrade of existing facilities, pedestrian and bicycle enhancements, or other regionally significant projects. While the County may create the TBD for just the unincorporated portions of the County, it may be beneficial to partner with the local incorporated jurisdictions through interlocal agreements on project funding. This may be desirable on three accounts:

- A county that creates a TBD (using the \$20 vehicle license fee) must first attempt to impose a countywide fee to be shared with cities by interlocal agreement. If an interlocal agreement cannot be reached, the county is then authorized to create a TBD and impose the fee – but only in the unincorporated portions of the county.
- The County is increasingly home to regional tourist activities. These areas generate large volumes of taxable retail sales – sales that represent the spending of many individuals not living in Douglas County, but nonetheless whose activities strain the County's transportation network. Tapping this out-of-county revenue source will help offset their impacts.
- The County's role as a local and regional service provider for transportation facilities supports these areas and commerce that takes place there.

Late-comer agreements

Late-comer agreements allow property owners who have paid for capital improvements to recover a portion of the costs from other property owners in the area who later develop property that will benefit from those improvements. The period of collection may not exceed 15 years and is based on a pro rata share of the construction and contract administration costs of the particular project. The city or county must outline an area subject to the charges by determining which properties would require similar improvements. The improvement must be required for property development by city or county ordinance in order for the reimbursements to be assessed.

This tool could be particularly valuable if single large projects need to move forward, and as part of a public-private partnership, the private entity pays for some (if not all) of the cost of placing the needed infrastructure but can recoup a portion of those costs as other projects take advantage of the new found infrastructure capacity.

4.6 Conclusion

Kicking-off the Groundwork phase will require continuing the coordination and communication that was initiated with the Infrastructure Summit. One idea from the meeting was regular meeting between elected officials from each organization, in addition to continued coordination between staff representatives. The Action Item's listed represent a Road Map for beginning the process of coordinated capital facilities planning and development. The items are not strictly sequential, but they are listed in the logical progression that tasks need to occur. Ultimately, success will depend on all the agencies involved navigating this first Groundwork phase together.

APPENDIX A

North End Planning Study Needs Assessment and Facilities Master Plan Report

Port of Douglas County North –End Planning Study Needs Assessment and Facilities Master Plan Report



The information contained in this report was prepared by and under the direct supervision of the undersigned.



Signed
01/23/2013

Erik R. Howe, P.E.
Project Manager



Signed
01/23/2013

Randy L. Asplund, P.E.
Principal-in-Charge



RH2 Engineering, Inc.
January 2013

*Creative Ideas
Innovative Solutions
Quality Service*

Background

The City of East Wenatchee (City) and Douglas County (County) have identified approximately 135 acres of property for General Commercial and Waterfront Mixed-use activities adjacent to the east approach of the Odabashian Bridge, south of US Highway (US) 2/97 and east of State Route (SR) 28 (Study Area). See **Exhibit A** for the current zoning in the Study Area. While this property has been identified for these land uses for more than 15 years, no development has occurred due primarily to the lack of adequate utility services, transportation circulation, and access to the adjacent state routes. There are multiple governmental entities that are responsible for providing these services in the area, however, there is currently no coordinated facilities plan for implementing these services to promote development of this area.

Approach

To help facilitate potential new development in the area, the Port of Douglas County (Port) is conducting a planning study to assist with developing a coordinated plan for the extension of urban services within the study area, as well as commissioning an initial market/economic feasibility study to understand the best uses of the site.

Goals

The goal of the Port's study is to spur development of job creating industry and tourist recreation opportunities within the Greater East Wenatchee Urban Area through the development of a coordinated Capital Facility Plan (CFP) and completion of a market/economic feasibility study. These efforts can then be used to guide the implementation of the necessary facilities, including cost impacts, methods to recover costs, schedule for planning/design/construction, policies, and ordinances that might need to be adopted to implement the plan, and opportunities to recover costs through regional sharing or grants. Additionally, the market/economic feasibility study will assist in providing direction to the economic development activities of the Port (and other partners), as well as providing a comprehensive, coordinated path forward for property owners, should they choose to develop. It is anticipated that out of these efforts there will be identifiable public investment strategies related to infrastructure development, which will in turn prompt additional private investment and development in the area.

Project Elements

The planning study has been broken down into the following four elements:

Element 1 – Infrastructure Needs Assessment

The infrastructure needs assessment identifies infrastructure needs and requirements to support the land uses contemplated for the Study Area. The two primary focus areas are transportation circulation and utility infrastructure.

Element 2 – Infrastructure and Facilities Master Plan

The master plan for the Study Area identifies the conceptual planning for the properties including site utilities, stormwater facilities, and local and regional transportation access. The plan provides specific recommendations for the location of utility services, regional stormwater facilities, local transportation circulation and access to US 2/97 and SR 28.

Element 3 – Market and Economic Feasibility Analysis

The market analysis, strategy, and economic feasibility study provides a link from the planning-level capital facilities plan to anticipated job growth and economic development.

Element 4 – Property Owner Coordination/Community Outreach

The north end study and master plan would not be successful without the coordination and support of the property owners. This effort involves property owners discussing their proposed plans, possible tenants, and their proposed uses. The series of stakeholder meetings with the property owners seeks to develop support and provide a meaningful plan.

The following offers additional detail into the development of the infrastructure needs assessment and facilities master plan:

Infrastructure Needs Assessment

To gain as much information as possible regarding the current status of the existing and proposed infrastructure serving the area, a series of meetings with both public and private utility purveyors and with local and state entities providing capital facilities were held, and are described below.

Traffic Circulation

The first meeting was held on August 7th, 2012, the purpose of which was to discuss traffic circulation with decision makers from the Washington State Department of Transportation (WSDOT), Douglas County (County), City of East Wenatchee (City), Wenatchee Valley Transportation Council (WVTC), and the Port of Douglas County (Port). The meeting proceeded with each of the agencies discussing the traffic circulation needs from their particular view. The following summarizes the discussion:

Washington State Department of Transportation (WSDOT)

US 2/97 runs east/west and splits the Study Area into two distinctive regions. The main Study Area component lies south of US 2/97. There is currently an at-grade intersection with Cascade Avenue NW approximately 800 feet to the west of the at-grade intersection of US 2/97 and SR 28. The current intersection of US 2/97 and SR 28 is a tee configuration, however, the county is currently under contract to bring a fourth leg into the intersection that will head east and tie into Eastmont Avenue (the County's Eastmont Extension project).

WSDOT is mainly concerned with safety and vehicular mobility. To this end, they propose to eliminate the at-grade intersection of the highway and Cascade Avenue, and construct a diamond interchange that will tie into Empire Avenue to the west of Cascade Avenue. Under this scenario, Cascade Avenue will become a dead-end cul-de-sac.

There are a number of elements that are driving the location and configuration of the grade separated interchange. There are significant topography changes from the water front on the west side of the Study Area to SR 28, just east of the Study Area and there are environmental and drainage considerations along the south side of the highway. In addition, there are pre-existing bridges on US 2/97 that, if used, could reduce the overall project cost.

In the short-term, a connection to Empire Avenue may not seem like an ideal solution; however, the County has classified Empire Avenue as a minor arterial and identified it as a major north-south corridor in the future. The timing of the new interchange depends on currently unsecured funding. In the interim, Cascade Avenue will become a right-in, right-

out intersection at the completion the County's Eastmont Extension project, which is expected to be in late 2013. **Exhibit B** shows the current plan for the Cascade Interchange project.

Douglas County

SR 28 is classified as a principal arterial and is a major north-south corridor running the length of the City and beyond. SR 28 lies to the east of the Study Area but would likely carry traffic to and from the Study Area. In addition to SR 28, the Study Area has two main county roadways that would likely serve future development: Cascade and Empire Avenues.

Cascade Avenue is functionally classified as a major collector and is currently the more predominant roadway with direct access to US 2/97, running north-south to 19th Street NE at its terminus. Cascade Avenue is a two-lane facility with a center turn lane at 35th Street NE. It is in fairly good shape, with adequate lane widths and shoulders. There are no dedicated pedestrian and bicycle facilities on Cascade Avenue. The roadway is currently lined with existing residential development on both sides up to the existing county right-of-way which greatly impacts the ability to widen this corridor.

Empire Avenue runs parallel to Cascade Avenue approximately 1,300 feet to the west. Empire Avenue is functionally classified as a minor arterial. The County has identified Empire Avenue as a future north-south arterial that will run between 19th Street NE and 35th Street NE. The County desires to widen Empire Avenue to current County standards with turn lanes at major intersections. Pedestrian facilities would likely be added as well. The timing of when Empire Avenue becomes a more major county roadway is entirely dependent on future funding. There is very little funding currently available for this planned upgrade. However, one such source is a concomitant agreement for deferred payment of half-street frontage improvements between 30th Street NE and 32nd Street NE as part of a residential development.

East-west access to the Study Area is currently be served by 35th Street NE on the south side of US 2/97 and 38th Street NE on the north side of US 2/97. In addition, Goldcrest Street, a residential street, borders the site on the south.

Utility Infrastructure

A second meeting was held on September 4, 2012 to discuss existing and planned utilities from the local utility purveyors. Representatives from the East Wenatchee Water District, Douglas County Sewer District, Douglas County PUD, Frontier Communications, and Charter Communications were present. The following is a summary of each of the utility's current and planned infrastructure:

Domestic Water

The East Wenatchee Water District's (EWWD) boundary currently includes all areas within the Urban Area. Additionally, EWWD has established a Benefit Area (Baker Flats Utility Local Improvements District (ULID) encompassing approximately 800 acres in Baker Flats. All the properties within the Study Area lie within the Baker Flats ULID. This system was built to accommodate future development, and the existing distribution grid supports up to 4000 gallons per minute (gpm) for fire flow. Service pressure ranges from 50 to 120 pounds per square inch (psi) depending on elevation. Although no major pipeline improvements are required for development, some additional project specific improvements such as distribution mains and fire hydrants may still be necessary. **Exhibit C** shows the EWWD current system.

Sanitary Sewer

The Douglas County Sewer District (Sewer District) provides sanitary sewer service within the Greater East Wenatchee Urban Area. The boundary of the Sewer District encompasses the entire City of East Wenatchee and areas immediately outside the city limits; however, it does not include the entire East Wenatchee Urban Area. Those properties not receiving sewer service utilize on-site sewage treatment systems. The entirety of the area that is the subject of this study is contained within the District's service boundary.

The current collection system terminates at Empire Avenue and 29th Street. The Sewer District does, however, show a line extending along Empire Avenue into the Study Area, under US 2/97, and proceeding north to the Baker Flats area. The comprehensive plan lays out a timeline to complete the work up to US 2/97 by 2020 and north of US 2/97 by 2022. Developer funded extensions and ULIDs are the predominant methods that the district relies on to expand its collection system. However, as a proactive measure, the district has applied for and received a pre-construction loan from the Public Works Trust Fund (PWTF) to design an extension of the sewer collection system along Empire Avenue from 29th Street to 35th Street. Construction of the new facilities is anticipated for 2015. **Exhibit D** shows the sewer districts current and proposed line extensions.

Electrical Power

Douglas County Public Utility District (PUD) No. 1 provides electrical power throughout the County, including the Greater East Wenatchee Area. Sufficient power is available to continue urban growth in the planning area. Generally, the power distribution system lines and equipment are located in public street and road right-of-ways or on private utility easements. Terry substation is located near the intersection of 35th Street and SR 28. This substation is a major power and fiber node and is sufficient to handle most any development in the Study Area. **Exhibit E** shows the PUD's current system near the Study Area.

Telecommunications

Frontier, Charter Communications, and Sprint all have facilities that run through the Study Area. Frontier provides telephone services, including wireless, to the residents throughout East Wenatchee and the County, and has fiber optic cable providing high-speed internet in parts of this same service area. Frontier's lines run aerially on the west side of Cascade Avenue to the south side of US 2/97. The copper and fiber lines continue north across the Highway to 38th Street NE; a separate fiber line runs along the north side of US 2/97 into Wenatchee. Sprint's fiber optic cable runs along the east side of Cascade Avenue and proceeds north under the highway.

The PUD has constructed a high-speed, broadband fiber-optic telecommunications system throughout the County, including the Study Area. The PUD provides the infrastructure and other private companies provide the actual service to customers. This system has a node at the nearby Terry substation and is readily available to extend service to the Study Area.

Charter Communications provides cable television and internet service to residents of the East Wenatchee Area over fiber optic and coax cable lines. The main trunk line for Charter runs along the west side of Cascade Avenue and follows along the south side of US 2/97.

All of the services above typically run aerially along public roadways within the Study Area. Each of these systems will require modification and further extensions that are specific to the proposed development; however, the backbone for each system is complete. **Exhibit F** shows the PUD's power and fiber in the Study Area.

Natural Gas

Cascade Natural Gas provides natural gas service to a limited number of residents in the Greater East Wenatchee Area. Gas service is primarily located within the Central Business District (CBD). Cascade Natural Gas has identified the Study Area as too expensive to serve.

Irrigation

The Wenatchee Reclamation District operates a ditch bank delivery irrigation system that runs east of the Study Area, although Study Area properties are located within the service area. It is up to the individual properties to install service lines from the ditch to the property, however, the properties within the Study Area were previously served by the district for agricultural uses. Therefore, there are existing mains to the Study Area, however their condition is unknown and may need to be replaced.

Stormwater

The County and the City adopted the Douglas County Comprehensive Flood Hazard Management Plan (CFHMP) in 1995 and 1996, respectively. The CFHMP recommended several potential funding sources to pay for the identified proposed improvements. One recommendation was that the City and County create stormwater utilities with a fee schedule that could be used for administration, maintenance, and capital improvement projects. The City and County created separate stormwater utilities in 1998 that operate jointly under the umbrella of an Interlocal Agreement. The boundary of these two utilities generally approximates the Greater East Wenatchee Urban Growth Area, including the Study Area.

Stormwater collection is accomplished with a combination of private stormwater retention and detention systems for individual development, and a series of retention systems constructed and maintained by the (combined) Greater East Wenatchee Storm Water Utilities. Conveyance is by way of a combination of several miles of surface ditches and buried pipe. The County, City and WSDOT operate several outfalls to the Columbia River, which is the final point of conveyance for the stormwater management system.

For the Study Area, a regional detention facility could be utilized to maximize developable land and minimize the need for individual detention and treatment facilities for each development. In this scenario, each specific development would be required to detain and treat stormwater runoff for the water quality event. Stormwater volumes above the water quality event would overflow and discharge to the common detention facility that would then detain and infiltrate the 100-yr event before discharging to the Columbia River. This model would provide one common area for stormwater detention that could strategically be located in a common area and could even double as a recreational facility. Likewise, both initial construction cost and future maintenance costs are reduced. **Exhibit G** shows the current contours of the Study Area.

Solid Waste

Solid waste services in the Greater East Wenatchee Area are provided through contract with Waste Management, Inc., a private entity. Waste Management is responsible for providing proper collection, hauling, and disposal of the solid waste of its customers, and owns and operates the regional landfill.

Infrastructure and Facilities Master Plan

Transportation Circulation

The following describes the recommended traffic circulation and utility components to accommodate future development in the Study Area. It should be noted that these recommendations may need to be revised based on the results from the market and economic feasibility analysis. In addition, these recommendations are based on current land use designations and information gathered from the infrastructure needs assessment.

The Study Area is comprised of General Commercial (G-C) and Waterfront Mixed-use (WMU) comprehensive plan land use designations, with corresponding zoning classifications. Appendix A provides an excerpt from the Greater East Wenatchee Area Comprehensive Plan and the City of East Wenatchee Zoning Code, which is implemented in this area by Douglas County. As stated in the Federal Highway Administration Metropolitan Transportation Planning Process publication, *“transportation’s purpose is moving people and goods from one place to another, but transportation systems also affect community character, the natural and human environment, and economic development patterns. A transportation system can improve the economy, shape development patterns, and influence the quality of life and natural environment.”* In general, circulation and access to the Study Area should be viewed as more than just a transportation plan; instead, it should include all infrastructures to accommodate vehicles, pedestrians, water, sewer, storm drainage, power and communications.

The current planning by the WSDOT, County and City all seek to provide the above mentioned infrastructure necessary for future development, however, there are a few differing views on how to achieve this, in particular to vehicle access. It is universally agreed that *both* local access and access to US 2/97 is beneficial to the Study Area. However, the way in which this access takes place is where some of the views begin to diverge. For example, the eastbound loop on-ramp from Empire Street to US 2/97 could alternatively be served by a right in approach from the current Cascade Avenue intersection. Likewise, the westbound off-ramp could be served by a right in approach from Cascade Avenue from the north.

The WVTC has developed a regional traffic model within the region’s Metropolitan Planning Organization boundaries to assess the current and future traffic needs. This transportation planning model is a representation of the Wenatchee Valley area transportation facilities and the travel patterns for people using these facilities. The model contains inventories of the existing roadway facilities, transit lines and of all housing, shopping, and employment in the area.²

In particular, the Study Area was modeled with and without the new proposed WSDOT Cascade Interchange. Looking only at vehicular access to and from the Study Area, and assuming Empire Avenue extends under the highway (utilizing the existing overpass structure), the current model shows that the local roadways are sufficient to accommodate future development. However, a grade separated interchange with dedicated access to the Study Area certainly provides added benefit and could even act as a catalyst toward this development.

The following section assumes that the Cascade Interchange will continue in at least some form with at least the eastbound off-ramp and westbound on-ramp. This area should be well suited by having well-marked accesses from the major arterial facilities such as US 2/97 and SR 28. In addition, there will be a need to improve the county's collector roadways to better serve this development. For example, 35th Street NE and Empire Avenue will need to be improved if the WSDOT proceeds with the Cascade interchange with an off ramp to Empire Avenue. A future signal may even be warranted at 35th Street NE and SR 28 and 38th Street NE and SR 28.

One of the Greater Wenatchee valley's significant assets lies within the westerly portion of the Study Area, the Apple Capital Loop Trail. This trail provides for both recreational and commuter needs for pedestrians and bicycles. Any future development should consider access to and from this trail to improve the overall character of the development, while also providing additional travel mode routes.

Utility Infrastructure

With the exception of sanitary sewer, all utilities services are located within or near the Study Area, are readily available, and have sufficient capacity for future development. Sanitary sewer will require a significant investment to extend service to the Study Area. In addition to the line extension, a lift station will be necessary to serve areas west of Empire Avenue. The Sewer District has already taken a proactive approach to funding the line extension through the PWTF loan they recently received. The lift station, as well as other project specific improvements for each of the other utilities, would likely be developer sponsored projects.

***APPENDIX A
GREATER EAST WENATCHEE AREA
COMPREHENSIVE PLAN EXCERPT***

The following excerpt is taken from the City's and County's Greater East Wenatchee Area Comprehensive Plan dated February 28th, 2012:

General Commercial

The General Commercial designation permits a greater range of commercial uses than those allowed in the CBD designation. Additional uses may include mini-storage, light warehousing, or other non-retail uses in addition to a full range of retail uses. The intent of this designation is to allow commercial uses that will create varied job opportunities and provide services to the community that are not strictly retail in nature.

Although pedestrian access is stressed throughout this plan, the general commercial designation is expected to be more automobile oriented than the CBD designation. Design criteria for commercial and industrial land development in this designation should be similar to the CBD but with less reliance on pedestrian access.

The General Commercial area designated on the upper bench area, east of Empire Street, west of SR 28 and north of 35th Street NE is intended to be developed as a master planned project. A total of 80 acres is designated for this general commercial district, of which 60 acres would be specifically for commercial land uses. A 20-acre area, generally located along the southern perimeter of the site, is identified as a transition area that would incorporate landscaping and open space. The purpose of the transition area is to buffer this commercial area from the less intensive development surrounding the area.

Design features for the master plan for projects in this General Commercial area would include landscaping, transition buffer, linkages to the trail system, open space, design consistency between adjacent buildings, establishment of an interior road network, and orientation of buildings for access from the interior road system. Direct access to the SR 28 by individual uses would be prohibited.

Waterfront Mixed-use

This designation is intended to take advantage of the shoreline area that makes up the western boundary of the East Wenatchee Urban Area. This designation is intended to provide a mixture of residential, recreational, and commercial land use opportunities that can enhance the shoreline area and would benefit from access to the Apple Capital Loop Trail. Although much of the shoreline in this designation is currently publicly owned, this area could develop water-related and water-dependent uses such as marinas and water parks.

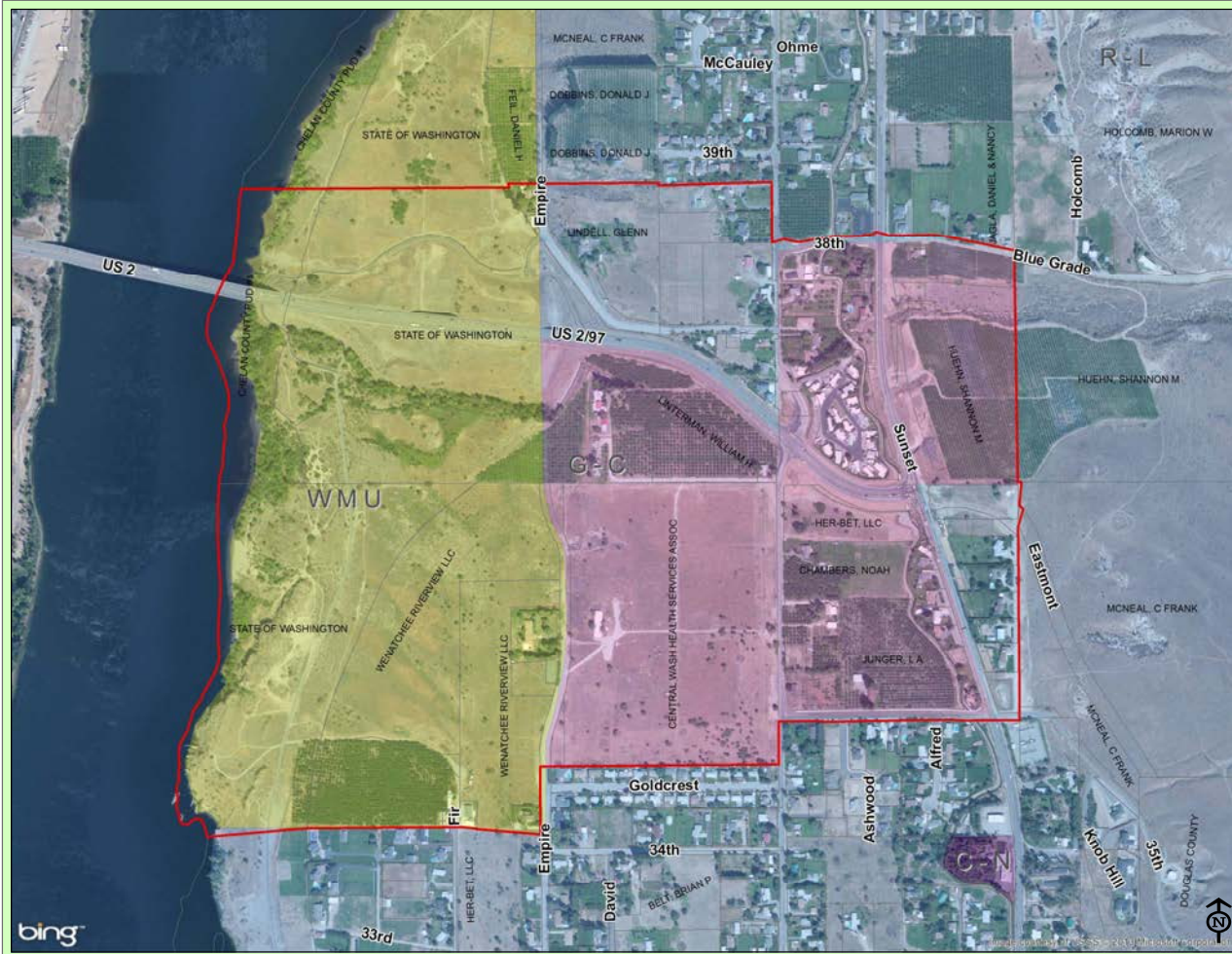
In addition to the aforementioned general principles, the following guiding principles should be used when designating the Waterfront Mixed-use designation and implementing that designation with the adoption of development regulations.

- a) Allow for select commercial uses and residential development in a way that serves the needs of the neighborhood and the community and enhances the appearance of the shoreline.
- b) Design developments in this designation to take advantage of site conditions and shoreline views.
- c) Incorporate visual and physical access to the waterfront, for residents of developments and general public as design features in developments within this land use designation.
- d) Design structures in this designation to be smaller in scale (height and footprint) than those allowed in other commercial designations to account for the proximity to the shoreline and existing residential buildings.
- e) Allow recreational uses that complement water-related and water-dependent uses, such as marinas and water parks.

EXHIBIT A

Study Area Map Port of Douglas County North-End Planning Study

Zoning Map

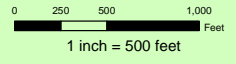


Legend

- Study Area
- Parcels

Zoning

- General Commercial (G-C)
- Low Residential (R-L)
- Neighborhood Commercial (C-N)
- Waterfront Mixed Use (WMU)



DIGITAL DATA SOURCES FOR THE PORT OF DOUGLAS COUNTY NORTH END PLANNING STUDY ARE: THE EAST WENATCHEE WATER DISTRICT, DOUGLAS COUNTY, CHELAN COUNTY, WASHINGTON DEPARTMENT OF TRANSPORTATION, AND RH2 ENGINEERING

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Exhibit B
US 2/97 - Cascade Ave Interchange





EXHIBIT C

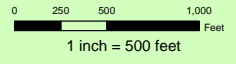
Study Area Map

Port of Douglas County
North-End Planning Study

East Wenatchee Water District

Legend

- Study Area
- EWWD Water Mains
- Private Mains
- Regional Transmission Main



DIGITAL DATA SOURCES FOR THE PORT OF DOUGLAS COUNTY NORTH END PLANNING STUDY ARE: THE EAST WENATCHEE WATER DISTRICT, DOUGLAS COUNTY, CHELAN COUNTY, WASHINGTON DEPARTMENT OF TRANSPORTATION, AND RH2 ENGINEERING

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EXHIBIT D

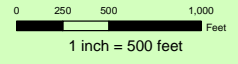
Study Area Map

Port of Douglas County
North-End Planning Study

Douglas County Sewer District

Legend

- — — Proposed Douglas Co. Sewer Lines
- — — Douglas Co. Sewer Lines
- Douglas Co. Sewer Boundary
- Study Area



DIGITAL DATA SOURCES FOR THE PORT OF DOUGLAS COUNTY NORTH END PLANNING STUDY ARE: THE EAST WENATCHEE WATER DISTRICT, DOUGLAS COUNTY, CHELAN COUNTY, WASHINGTON DEPARTMENT OF TRANSPORTATION, AND RH2 ENGINEERING

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EXHIBIT E

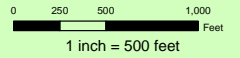
Study Area Map
 Part of Douglas County
 North-End Planning Study

Wenatchee Reclamation District

Legend

-  Wen Rec Dist Canal
-  Study Area

*Irrigation laterals not shown



DIGITAL DATA SOURCES FOR THE PORT OF DOUGLAS COUNTY NORTH END PLANNING STUDY ARE: THE EAST WENATCHEE WATER DISTRICT, DOUGLAS COUNTY, CHELAN COUNTY, WASHINGTON DEPARTMENT OF TRANSPORTATION, AND RH2 ENGINEERING

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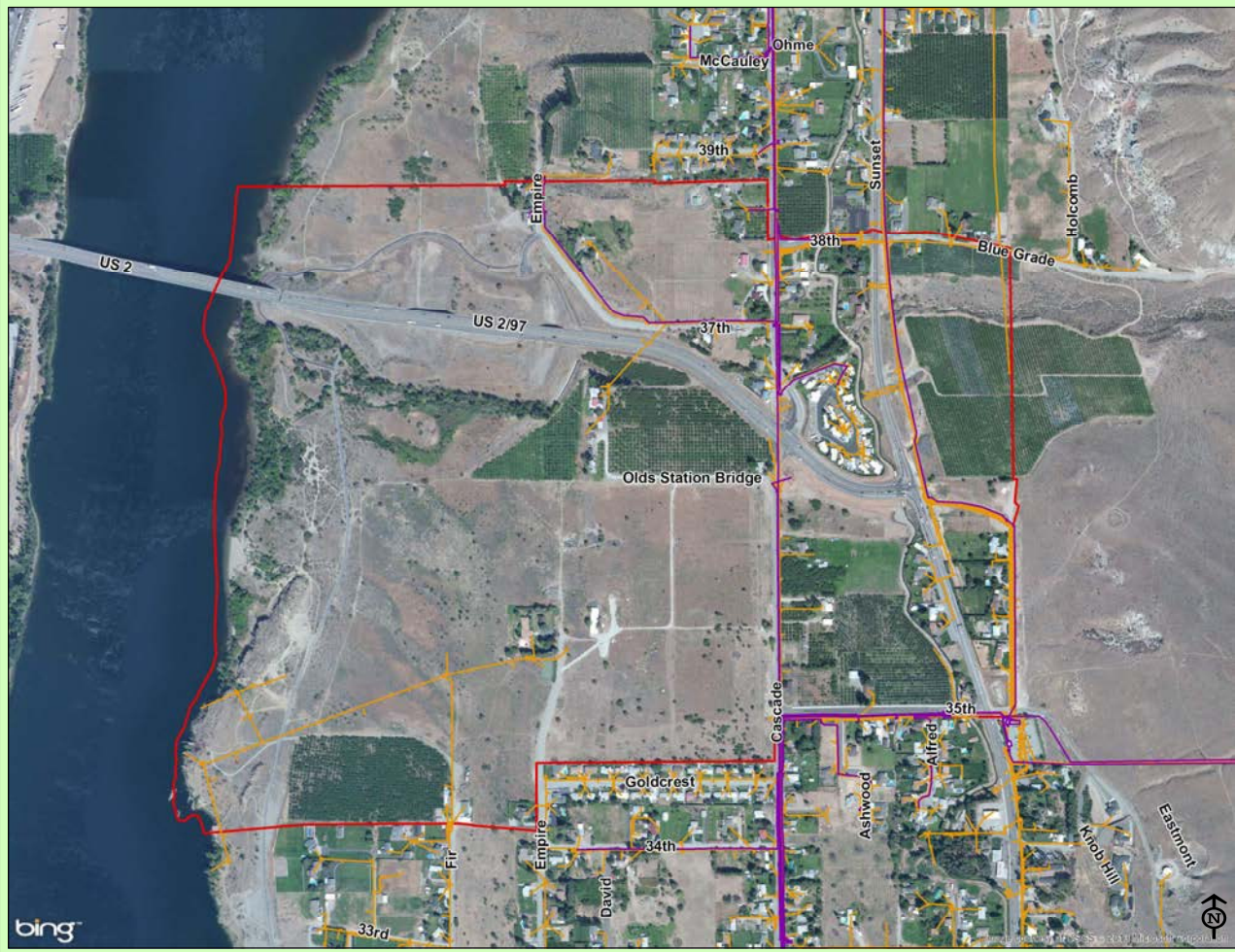
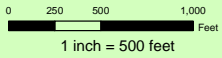


EXHIBIT F
Study Area Map
 Port of Douglas County
 North-End Planning Study

Douglas County
 Power & Fiber Map

Legend

- Douglas Co. PUD Fiber
- Douglas Co. PUD Power
- Study Area



DIGITAL DATA SOURCES FOR THE PORT OF DOUGLAS COUNTY NORTH END PLANNING STUDY ARE: THE EAST WENATCHEE WATER DISTRICT, DOUGLAS COUNTY, CHELAN COUNTY, WASHINGTON DEPARTMENT OF TRANSPORTATION, AND RH2 ENGINEERING

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EXHIBIT G

Study Area Map

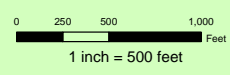
Port of Douglas County
North-End Planning Study

Contour Map



Legend

- Study Area
- Contour (10ft)
- Contour (2ft)



DIGITAL DATA SOURCES FOR THE PORT OF DOUGLAS COUNTY NORTH END PLANNING STUDY ARE: THE EAST WENATCHEE WATER DISTRICT, DOUGLAS COUNTY, CHELAN COUNTY, WASHINGTON DEPARTMENT OF TRANSPORTATION, AND RH2 ENGINEERING

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APPENDIX B
North End Study Area Fact Sheet

PORT OF DOUGLAS COUNTY
NORTH END MASTER PLAN AND FEASIBILITY STUDY FACT SHEET



Background

More than 15 years ago, the Odabashian Bridge area in Douglas County was the scene of a contentious fight over whether a new shopping mall should be built. In the end, the project was nixed. Since then, these 300-plus acres — zoned either general commercial or waterfront mixed-use — have remained largely underdeveloped. This has likely been primarily due to inadequate utilities and roads, and the lack of a cohesive and collaborative plan to provide these public facilities. The services that are located in the area are provided by multiple agencies.

The property, which is within the City of East Wenatchee's urban growth boundary, sits near two major highways (Highway 2/97 and Highway 28). It also is adjacent to the Columbia River and the Apple Capital Recreation Loop Trail and offers stunning views of the Cascades, the Wenatchee Foothills, and the city of Wenatchee. A map of the overall area is included with this fact sheet.

North End Master Plan and Feasibility Study process

To facilitate economic opportunities and job growth, including recreation tourism, the Port of Douglas County is conducting a capital facilities study and a market analysis of the area this year. The Port received a grant from the Douglas County Regional Council for this collaborative project, which has the support of several other agencies and jurisdictions, including the City of East Wenatchee. This planning work also will help facilitate future development in complying with land-use and environmental regulations.

Two firms, BERK of Seattle and RH2 Engineering Inc. of East Wenatchee, have been retained to do the bulk of the work. In consultation with the port district, they will:

- Collect existing studies, land-use and real estate information and economic data on the Odabashian Bridge area and on North Central Washington;
- Analyze the infrastructure in the Odabashian Bridge area, including identifying how to improve traffic circulation and how to extend wastewater services;
- Interview property owners, community leaders and business owners;
- Conduct a market analysis of the area, including determining what kind of businesses and sectors might be interested in developing the area;
- Hold stakeholder meetings, including helping property owners develop a shared understanding of the market opportunities and the value to them of collective action;
- Prioritize public and private investment needs, and strategize how to stimulate investment.

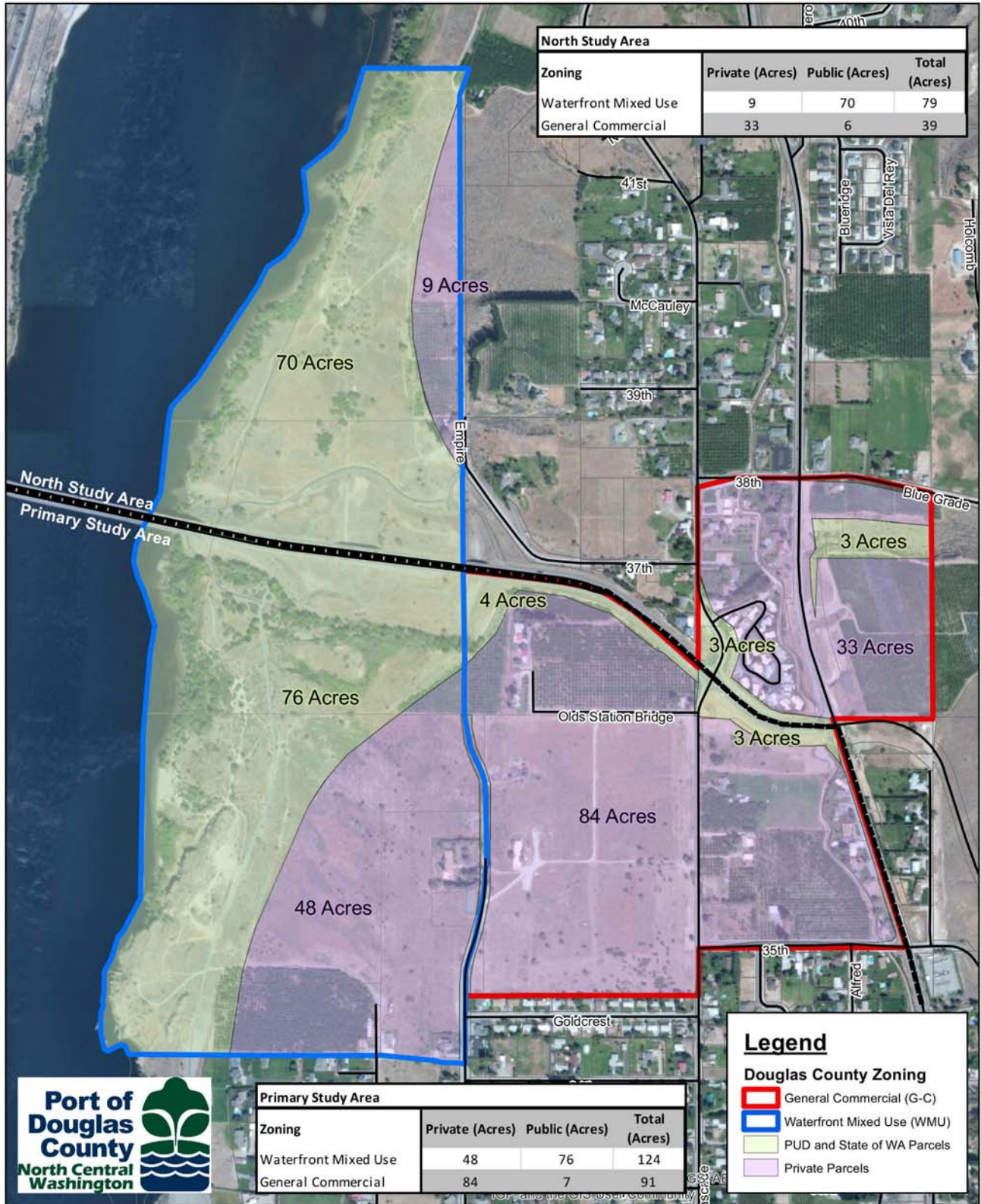
Community comment

During the early part of 2013, research and analysis on the market and economic conditions will be ongoing, as will outreach to the existing property owners. It is the goal of the Port to develop a public investment strategy for infrastructure that will help facilitate future private investment. The Port will be taking public comment as the project proceeds, and as such, the Port commissioners and staff are always open to discussing these issues with individual community members.

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Study Area Map - North-End Planning Study -



APPENDIX C

Project Press Releases

March 4, 2013

Contact: Lisa Parks, Port of Douglas County executive director, (509) 884-4700,
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Port of Douglas County embarks on study of Odabashian Bridge area

EAST WENATCHEE — In a project that aims to boost job growth, economic development and tourism, the Port of Douglas County will study ways to further develop land near the Odabashian Bridge on the east side of the Columbia River.

The North End Master Plan and Feasibility Study was selected for funding by the Douglas County Regional Council. Two firms, Berk of Seattle and RH2 Engineering Inc. of East Wenatchee, have been retained to do the work.

The primary study area in question is located within the East Wenatchee urban growth area, bounded on the north by Highway 2/97, on the south by Goldcrest Street, on the west by the river, and on the east by Highway 28. (please see attached map). In the 1990s, the same area was the site of a proposed shopping mall that never materialized.

"Property in this area has been zoned for some type of general commercial, tourist commercial or waterfront mixed-use for more than 15 years," said Lisa Parks, executive director of the Port of Douglas County. "But development has largely been held up due to inadequate utilities and transportation infrastructure, and the lack of a cohesive and a cost-effective plan among several public entities to enable that work to get done.

"This location is one of the last underdeveloped areas in the Greater Wenatchee Metropolitan Area. It features amazing views of the Columbia and Wenatchee Rivers, the upper valley and the North Cascades. It is the goal of the Port to help develop and implement a public infrastructure investment strategy that will help facilitate future private investment," Parks said.

The Port project will study ways to improve traffic circulation and utility services in the area; will identify what industry sectors would be an ideal fit; will help prioritize public investment needs and ways to stimulate private investment; and will facilitate development of a collaborative master plan that complies with land-use and environmental regulations.

A key component throughout the process will be property owner and stakeholder engagement.

The project has the support of several other agencies and jurisdictions, including the City of East Wenatchee.

Berk and RH2 Engineering anticipate completing the work by fall 2013.

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FOR IMMEDIATE RELEASE

March 6, 2014

Contact: Lisa Parks, Port of Douglas County executive director, (509) 884-4700,
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Douglas County officials to discuss north-end development at summit

EAST WENATCHEE — Elected officials and staff from several Douglas County agencies will meet next week to discuss the infrastructure needed to develop an area north of East Wenatchee.

The summit will take place from 2 to 5 p.m. March 12 at the Douglas County PUD Auditorium.

The 300 acres, located near the Odabashian Bridge, sit within the East Wenatchee urban growth area. Much of the area is undeveloped and has few roads and utilities.

At the meeting, Port of Douglas officials will present the findings of a study that analyzed the site's development potential. Port officials will then seek feedback on how agencies can work together to attract job-creating businesses and tourism recreation opportunities.

The study was conducted for the port by the East Wenatchee office of RH2 Engineers and Seattle-based BERK Consulting, which evaluated infrastructure needs and market conditions and also arrived at recommendations for moving forward.

"We equate this kind of community development to investment planning," said Lisa Parks, executive director of the Port of Douglas County. "We are planning for the future. If we plan right, and everyone does their share, everyone will benefit. We will create jobs and we will keep taxes and utility rates low over the long-term.

"But if we don't start now, we will lose the opportunity and it will end up costing the community more in the long run," Parks said.

The port has been serving as the project's facilitator since receiving funds from the Douglas County Regional Council in 2012 to study the north-end site.

The area is bounded on the north by Highway 2/97, on the south by Goldcrest Street, on the west by the Columbia River and on the east by Highway 28. It is one of the last large undeveloped tracts in the Wenatchee metro area and in the 1990s was eyed for a large shopping mall. Development has been held up since then by the lack of utilities and roads.

The public can attend the summit. Agencies invited include the City of East Wenatchee, Douglas County Commission, Douglas County Sewer District, East Wenatchee Water District, Douglas County PUD, Washington State Department of Transportation and the Wenatchee Valley Transportation Council.

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