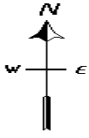


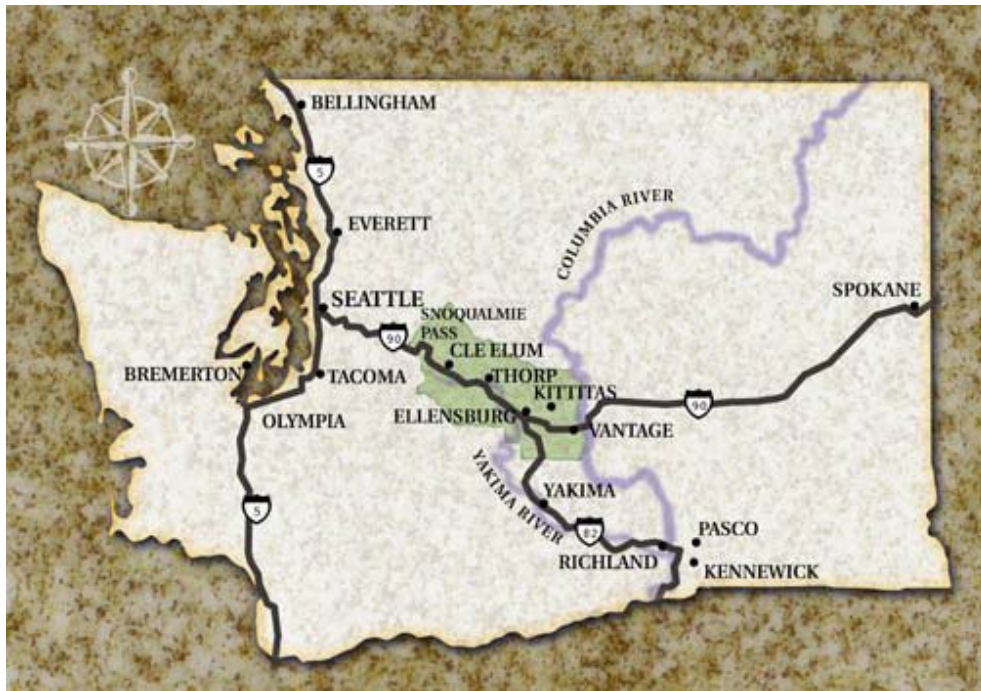
Annual Report 2004





Kittitas County Washington

At the crossroads of Washington State



“ A great place to do business”

February 2005



Mission Statement

"To provide leadership that stimulates business and promotes economic opportunities to support the needs of Kittitas County."



The Economic Development Group of Kittitas County is a private, non-profit organization formed in 1998 to provide economic development services for our county. A twenty-one member volunteer board of directors governs the organization.



Members 2005

Individual

Scott Rollins
Roy Savoian
William R. Meyer, O.D.

Non-Profit

Ellensburg Chamber of Commerce

Team Member

Cottage Cafe

Supporter

Bob Case Jr.
Cashmere Valley Bank
Central Washington University
Central Washington University College of Business
Kittitas County PUD
Puget Sound Energy
Windermere Real Estate/Jenison Repp
Yakima Federal Savings and Loan

Bronze Investor

Zilkha Renewable Energy, Inc

Silver Investor

Suncadia Resort

Premier Partner

City of Ellensburg

Benefits of Membership

An Investment in your community

The most important benefit is that you are investing in the economic vitality of your community. You join other community minded businesses that recognize that it takes work to create a strong healthy economy.

Economic Development Group of Kittitas County is your “one-stop shop” for business information needs

If your business needs any information on the Kittitas Valley for marketing or other purposes, call the Economic Development Group of Kittitas County first. We keep important statistics and other demographic information on-hand that could save your company hours of research. If we don't have the information, we will most likely know where to find it.

Business retention and expansion

A key part of our mission is to help existing businesses thrive. We are here to help your business keep up with changing needs. Call us for access to financing, employee training and business incentives.

Networking opportunities

As our membership grows we plan to hold forums to help keep you informed on key issues facing the Kittitas Valley and provide the chance to network with other members of the business community.

Government relations

The staff and board members monitor key local issues and communicate effectively with our local elected officials.

Free link to your company's website

Our website is constantly updated. We are in the process of creating a searchable membership directory that will have a link to member websites. An inventory of industrial lands available in Kittitas County is accessible through our website.

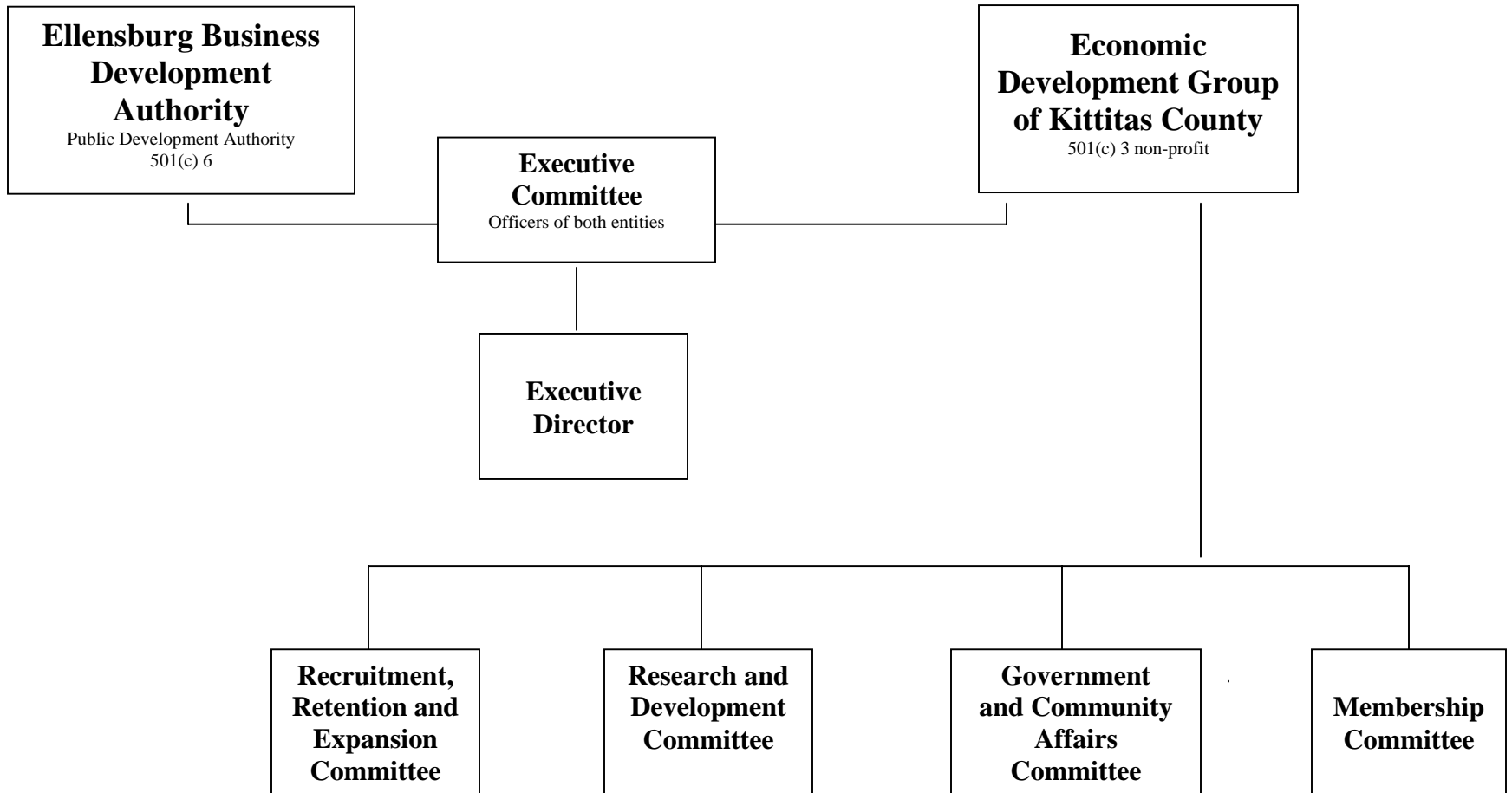
Subscription to the Economic Development Group of Kittitas County quarterly newsletter

You will receive a copy of a newsletter that will keep you informed about economic development issues and events.

An opportunity to serve the community through involvement

All members are encouraged to become involved in one of the standing committees. All members are eligible to be nominated to serve on the Board of Directors.

Organizational Chart

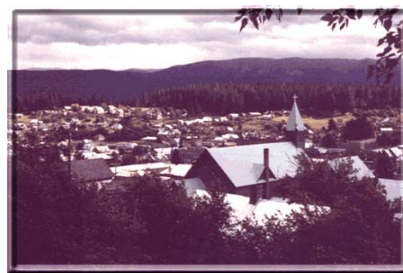


General Data

Kittitas County is located 100 miles east of Seattle across the Cascade Range in the geographical center of the state. It is ideally situated at the crossroads of two of the Northwest's major interstate highways, I-90 and I-82. These modern thoroughfares connect Kittitas County with Seattle and the Puget Sound area, Spokane and the Inland Empire, the Tri-Cities, and the rest of the spectacularly scenic Pacific Northwest: Oregon, Idaho, and British Columbia. It is bounded to the north by Chelan County, to the south by Yakima County and to the east by Grant County. The Pacific Crest Trail in the Cascade Range forms the boundary to the west with King County.

Kittitas County comprises 1,481,600 acres. Over one-half of the county consists of timbered mountainous land, and one-third is steep, rough, broken land usually in association with shallow soil with rock outcrops and scabland (very shallow and stony areas) suitable only for grazing. Many of the 2,297 square miles of the Kittitas Valley are the wide, open spaces associated with the beauty of Central Washington. The topography varies from the ruggedly forested Alpine Lakes Wilderness of the Wenatchee National Forest in the snow-capped majesty of the Cascade Mountains and Snoqualmie National Forest, to the mighty Columbia River, which thunders through sheer rock canyons or winds around gently rolling foothills.

Kittitas County has a population of 35,800 and is growing. Ellensburg, with a population of 16,390, is the largest city in Kittitas County and the county seat. The floor of the Kittitas Valley is generally flat with an elevation between 1,500 and 1,580 feet above sea level. The elevation in the county ranges from almost 8,000 feet at Mt. Daniels to about 500 feet at Vantage on the Columbia River.



KITTITAS COUNTY at a GLANCE

2002 County Revenues And Expenditures

Revenues

Property Taxes	\$6,177,266
Retail Sales & Use	2,503,930
All Other Taxes	1,107,017
Licenses & Permits	739,061
Intergovernmental Revenue	9,104,789
Charges for Services	3,963,806
Fines & Forfeits	1,917,583
Miscellaneous Revenues	2,264,283
Other Financing Resources	---
Total Revenues	\$27,777,735

Expenditures

General Govt. Services	\$3,486,725
Security of Persons & Prop.	7,953,295
Utilities	1,825,399
Transportation	3,731,873
Health & Human Services	2,393,857
Natural Resources	1,429,888
Debt Service	618,509
Capital Outlays	6,974,971
Total Expenditures	\$28,414,517

Source:

Washington State Auditor (Aug 2004)

Year	Income	
	Per Capita	Median Household
1990	\$14,982	\$21,771
1991	\$15,926	\$22,790
1992	\$16,640	\$23,823
1993	\$17,346	\$25,119
1994	\$17,586	\$26,052
1995	\$18,178	\$27,078
1996	\$19,222	\$28,613
1997	\$19,846	\$29,759
1998	\$21,149	\$31,466
1999	\$21,880	\$32,546
2000	\$23,030	\$34,021
2001	\$23,538	\$33,920
2002	\$24,188	\$33,960
2003		\$31,685
2004		\$32,364

Source: Bureau of Economic Analysis



City/Community Profiles

Cle Elum - Nestled in the foothills of the Cascade Mountains, Cle Elum sits in a rich forest landscape. Two of the town's largest employers are manufacturing companies. Outdoor activities, such as hiking, snowmobiling and cross country skiing; the antique and specialty shops; fine dining restaurants; and small town atmosphere make Cle Elum a perfect one-day get away. Interpretative signs along the Coal Mines Trail connecting Cle Elum and Roslyn educate trail users on the coalmine history of the area. Cle Elum, Roslyn, South Cle Elum and the entire upper county area are undergoing a major transformation with the development of Suncadia, a large master planned resort.

Easton – Lake Easton State Park is an ideal family vacation spot in the Washington Cascades. It is a great place to enjoy a picnic, weekend of camping, or many other year-round outdoor activities. Beautiful high country scenery, peaceful lakes and miles of trails satisfy all who visit Easton. Activities such as snowmobiling, hunting, fishing, hiking, biking, camping, and cross country skiing along with old-fashioned hayrides and sleigh rides can all be enjoyed in the surrounding area.

Ellensburg - Ellensburg is home to Central Washington University and the largest city in the county. It has managed to retain the feel of small town America while also being a lively, sophisticated place. The downtown business district contains many older buildings that are part of a historic district listed on the National Register of Historic Places. Most of these buildings were constructed soon after July 4, 1889, when a devastating fire destroyed most of the downtown and over 200 homes. This fire dashed the hopes of the city founders that Ellensburg would be named the state capital due to its central location. Ellensburg is also a great place to enjoy jazz at the annual Jazz in the Valley festival the last weekend of July and the Ellensburg Rodeo and Kittitas County Fair on Labor Day weekend. Enjoy outdoor activities such as hiking, fishing, swimming, river rafting and biking all year round.

Kittitas- Kittitas is a quaint, agricultural community with hay being its leading crop. Kittitas was established in 1893. The Milwaukee Railroad was instrumental in placing Kittitas on the map as a railroad town. The old train depot remains a cornerstone to the city's roots. A variety of activities throughout the year bring neighbors together.

Liberty - Established in 1880, Liberty is the oldest continuously "lived in" mining community in the state of Washington. It was a booming mining town in the early 1900's after gold was discovered in rock formations surrounding the Liberty area. The town site is listed on the National Registry of Historic Places. The town once was home to hotels, a general store, meat market, saloons, dance hall, barber shop, logging and mining companies, railroad, a sawmill, a

doctor, post office and a school. The town's population once exceeded 200. Today all that remains is a handful of pioneer log cabins, a livery and an old fire truck. You can still pan for gold in streams in the area, although you may have better luck finding agates or Ellensburg Blues.

Roslyn - Once a small coal mine town, Roslyn became the famous Cicely, Alaska, when CBS's "Northern Exposure" began using the historical town's Pennsylvania Avenue to film its exterior scenes on location. The annual Moose Fest held each year in July honors the television show that was filmed for seven years during the 1990's. The City of Roslyn is in itself a historical district on the National Historic Register of Sites. Be sure to check out the Coal Miners Museum, the Coal Miners Memorial and the ethnic cemetery. The story of Roslyn's past is told in the collection of ethnic cemeteries, many of which date back to before the turn of the century. Many of the gravesites within the 26 individual cemeteries reflect their counterparts in Europe, home of so many who immigrated to the United States.

South Cle Elum – South Cle Elum is the smallest town in Kittitas County. The town of South Cle Elum played a key role in the railroad history of the Pacific Northwest. From 1908 to 1980, the main line of the Chicago, Milwaukee, St. Paul and Pacific Railroad connected this community to the rest of the country. Today, the old depot and railroad site in the southwest corner of town is in the process of being restored to its original glory.

Thorp - Thorp, set on the western bank of the Yakima River nine miles northwest of Ellensburg, is an unincorporated farming town. It was one of the first areas settled in the Kittitas Valley. In 1886 the community became part of the Northern Pacific Railway when the company built a line about a mile from town. Eventually the town grew around the railroad depot. It is home of the Thorp Grist Mill, which at one time made flour and feed for people and livestock. The mill closed in the late 1940's and has since been restored. The mill is open for tours during the summer. Today Thorp is a quiet farming community whose focal points are farming and the Thorp School.

Vantage – Just a short drive from Ellensburg, the Columbia River and a variety of activities lure outdoors enthusiasts to Vantage. Spectacular viewpoints await a visitor. Wanapum Dam is located a mile and a half from Vantage. Its Heritage Center provides insight into Native American, trapper, soldier, miner and rancher life in the early 1900's. The Ginkgo Petrified Forest is one of the most unusual fossil forests in the world with over 200 species of trees. Once swamps and lakes, trees from upland were swept downstream, sinking. Covered in molten lava, the sealed, undamaged tree's cell structure was perfectly preserved by silica in the ground water. Stripped away by the last ice age, what remains are the petrified logs seen today. Rock climbing, hiking, fishing, boating, and skiing are popular activities. The Columbia River Gorge

Concert facility at George located in the vicinity hosts renowned entertainers in a spectacular outdoor venue.

Population

	1990	1995	2000	2001	2002	2003	2004
Kittitas County	26,725	30,100	33,362	34,000	34,800	35,200	35,800
Unincorporated		12,841	13,614	14,120	14,520	14,785	14,910
Incorporated		17,259	19,748	19,880	20,280	20,415	20,890
Cle Elum	1,778	1,800	1,755	1,775	1,775	1,775	1,785
Ellensburg	12,360	12,990	15,414	15,460	15,830	15,940	16,390
Kittitas	843	1,032	1,105	1,105	1,110	1,120	1,130
Roslyn	869	936	1,017	1,017	1,020	1,020	1,020
South Cle Elum	457	501	457	543	555	560	565

Agriculture

Agriculture, at present, consists largely of the production of grass hay, cereal grain and livestock. The early agriculture of Kittitas County was centered on the raising of livestock. Irrigated pastures and extensive rangeland provide the basis for a livestock industry.

Kittitas County is the largest producer of grass hay (primarily timothy) in Washington as well as oats for grain. Kittitas County timothy hay is known worldwide. Approximately 70 percent of the annual production of timothy hay is exported, principally to Japan. Today, timothy hay is the single largest cash crop in Kittitas County, grown commercially by an estimated 200-250 farmers on between 25,000 to 30,000 acres of land. The timothy hay industry in the county is estimated to have an annual value of more than \$30 million. Although limited by a frost hazard, an apple and pear industry is emerging along the northward-sloping hills on the south side of the Kittitas Valley.

The 2002 Census of Agriculture showed a 23 percent increase from 187,881 acres in 1997 to 230,646 acres in 2002 in land used for farming in Kittitas County. The average size of farms increased 33 percent from 186 acres in 1997 to 248 acres in 2002. However, the market value of agricultural products sold decreased 31 percent to \$56,364,000.

Transportation

Without question, the major thoroughfare in Kittitas County is I-90, which runs centrally through the entire county. I-90 provides an excellent route west to the

Puget Sound area and east to Spokane and beyond. At Ellensburg, commuters can switch from I-90 to I-82 and travel south to the city of Yakima and beyond. Highway-97 provides access north to Wenatchee and British Columbia via Blewett Pass.

The Kittitas County Airport (Bowers Field) is a 1,240-acre public use general aviation airport operated by Kittitas County, located just north of the City of Ellensburg and 3 miles from the nearest I-90 exit. The airport has two runways with the longest just less than 5,000 feet. Central Washington University operates a flight technology program at the airport.

Burlington Northern Santa Fe provides rail access through Ellensburg for cargo shipping within Washington State and throughout the nation. The BNSF has rail access through Ellensburg for intra-state cargo shipping. Typically rail cargo consists of hay, frozen foods, grain and wood products. There is no passenger service available in Kittitas County.

Education

Central Washington University is a four-year university located in Ellensburg. Average annual undergraduate and graduate enrollment is approximately 8,000 on the Ellensburg Campus with another 1,000 students at CWU Centers located throughout the state.

The Ellensburg School District, the largest district in the county, serves a student population of approximately 3,000 in 3 elementary schools (K-5), 1 middle school (6-8), and 1 high school (9-12). The new Ellensburg High School opened its doors in January 2005. There is approximately 280 certified and classified staff. The programs encompass the needs of Special Education children as well as those of gifted students; academic pursuits as well as technology and vocational education are provided. The smaller school districts in the county are Cle Elum/Roslyn with 1,000 students, Daman with 50 students, Easton with 130 students, Kittitas with 575 students, and Thorp with 180 students. These student numbers are approximate. Additionally, there are several private schools located in Kittitas County.

Economic Development Group 2004 Board of Directors

Executive Committee

Chair: Bob Titus, City of Ellensburg Energy Services

Vice Chair: James Armstrong, Howe Armstrong

Secretary: Ben Goldie, Cottage Cafe

Treasurer: Jerry Decker, Cashmere Valley Bank

EBDA Chair: Desi Knudson, DPK Consultants

EBDA Vice Chair: Doug Ryder, CWU Facility Planning

EBDA Secretary: Lynn Jenison, Windermere Real Estate/Jenison Repp

Board Members

Bruce Coe, Kittitas County Commissioner

Fritz Glover, Loma Linda Orchard

Mark Kjelland, Kittitas County Public Utility District – Director

Cinda Kohler, Pearl's on Pearl

Desmond Knudson, DPK Consultants

Brian Lenz, Puget Sound Energy

William Meyer, O.D., Ellensburg Eye and Contact Lens Clinic

Craig Nevil, Wachovia Securities

John Perrie, Ellensburg City Council Member

Scott Rollins, State Farm Insurance

Roy Savoian, CWU – Dean College of Business

Jack Stoner, Northern Kittitas County Tribune – Publisher

Charlotte Tullos, Central Washington University VP – Student Affairs

John Winbauer – Lathrop, Winbauer, Harrel, Slothower, & Denison

Bill Woods, Jr., Consultant

Ex- Officio: Mary Young Ness, CPA

Ex-Officio: Rick Osborne, Amerititle

Staff

Debbie Strand, Executive Director

Sherry Luke, Bookkeeper / Assistant

Gracie Garcia, Administrative Assistant

Outgoing Chair's Message

Year in Review

Wind Farms dominated our activities in 2004 with the two Zilkha projects and the enXco project going through the permitting process. Economic Development Group staff and board members attended numerous meetings concerning the projects, and as the year ended the process was still ongoing. 2005 will see a continuation of the process and because of the economic benefits to our County we need to be sure that our voice continues to be heard.

2004 also saw an unprecedented spurt in residential development in the Upper County and around Ellensburg. Lot and housing starts of all kinds were up considerably from previous years and it appears that this high level of growth will likely continue for another several years at least. However, this growth is a double-edged sword. Residential growth contributes additional tax dollars but it also places greater demand for services like fire, police, recreation facilities and improved roads. Studies show that residential growth, by itself, is a net drain on government resources. Local County and City governments are already stressed to maintain existing services and the situation will only get worse without some commercial and/or industrial development. Thus, it will be even more important for the Economic Development Group to foster commercial and industrial growth, which provides a net benefit – such as the wind farms.

Besides our dedicated staff our working committees, comprised of Board Members, continued to focus on other Group goals during 2004. All of us would like to have seen greater progress on our goals and during our year-end goal setting session we agreed to focus on fewer projects in 2005. The expansion of I-90 from the Pass to Easton, access from Kittitas County to Mission Ridge, industrial pre-permitting, and a business development park tied to CWU will be emphasized in 2005.

I very much enjoyed my year as Chairman of the Economic Development Group and in particular the support of staff and the other Board Members. I have been associated with many volunteer organizations over the years and I can truthfully say that none has had as dedicated a group of individuals willing to spend their time in pursuit of the organizations goals. It has been a pleasure working with you.

Bob Titus, 2004 Chairman
Economic Development Group of Kittitas County

2004-Year End Financials

Profit and Loss

For Year Ending of December 31, 2004

	ECONOMIC DEVELOPMENT GROUP of KITTITAS COUNTY	ELLENSBURG BUSINESS DEVELOPMENT AUTHORITY	TOTAL
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Grants	25,000.00	20,000.00	45,000.00
Interest	296.43	3,519.00	3,815.43
Miscellaneous	---	10,308.10	10,308.10
Private Sponsorships	6,700.00	---	6,700.00
Public Funds	28,880.83	25,000.00	53,880.83
Rents	---	73,795.74	73,795.74
Total Revenues	<u>\$60,877.26</u>	<u>\$132,622.84</u>	<u>\$193,500.10</u>
 EXPENDITURES			
Accounting	371.00	784.00	1,155.00
Advertising/Marketing	3,502.47	17.49	3,519.96
Audit	---	2,069.70	2,069.70
Bad Debt	---	4,171.52	4,171.52
Depreciation	983.07	19,960.92	20,943.99
Insurance	664.66	10,223.37	10,888.03
Land Lease	---	10,278.31	10,278.31
Maintenance: Building and Equipment	---	5,661.10	5,661.10
Miscellaneous	2,928.49	65.73	2,994.22
Payroll	23,200.00	58,163.71	81,363.71
Office Expense/Supplies	3,911.01	9,566.83	13,477.84
Travel and Meetings	2,470.49	---	2,470.49
Utilities	---	7,026.05	7,026.05
Total Expenditures	<u>\$38,031.19</u>	<u>\$127,988.73</u>	<u>\$166,019.92</u>
 NET REVENUES	<u><u>\$22,846.07</u></u>	<u><u>\$4,634.11</u></u>	<u><u>\$27,480.18</u></u>

Balance Sheet

As of December 31, 2004

	<u>ECONOMIC DEVELOPMENT GROUP of KITTTITAS COUNTY</u>	<u>ELLENSBURG BUSINESS DEVELOPMENT AUTHORITY</u>	<u>TOTAL</u>
ASSETS			
Checking and Savings	21,222.60	184,976.18	206,198.78
Accounts Receivable	---	13,576.18	13,576.18
Notes Receivable	---	33,758.77	33,758.77
Fixed Assets	5,198.65	737,681.03	742,879.68
Less: Depreciation	<u>-3,404.62</u>	<u>-77,016.71</u>	<u>-80,418.33</u>
TOTAL ASSETS	<u><u>\$23,019.63</u></u>	<u><u>\$892,975.76</u></u>	<u><u>\$915,995.39</u></u>
 LIABILITIES & EQUITY			
Liabilities			
Current	5,800.00	6,596.77	12,396.77
Long-Term	---	425,000.00	425,000.00
Total Liabilities	<u>\$5,800.00</u>	<u>\$431,596.77</u>	<u>\$437,396.77</u>
 Equity			
Net Assets	<u>17,219.63</u>	<u>461,378.99</u>	<u>478,598.62</u>
Total Equity	<u>\$17,219.63</u>	<u>\$461,378.99</u>	<u>\$478,598.62</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$23,019.63</u></u>	<u><u>\$892,975.76</u></u>	<u><u>\$915,995.39</u></u>

ACCOMPLISHMENTS

- Assisted with the start up of a wholesale brewery in the Business Incubator building. Iron Horse Brewery started operations in the late summer with the first beer produced in December. The brewery will offer four beers. Most of the sales will be wholesale. The company employs 1 full time person. The product will be distributed throughout Washington State available in taverns, bars and restaurants. The brewer hopes to have some bottled product in 2005. T-shirts, glasses, and some home brewing supplies will be available.
- EarthScope/UNAVCO is a company funded through grants from the National Science Foundation to study seismic activity in the United States. Scientists plant seismic readers in areas with known activity and monitor the activity in an attempt to forecast earthquakes. Two scientists are employed in the Pacific Northwest region. The regional offices are in our Airport Building.
- American Finishing Equipment moved to the area from Southern California. The company employs four at the present time and is working out of a small building in the county. They manufacture finishing equipment for the woodworking, furniture, molding and millwork, and picture frame industries. They will be expanding their operations over the next few years as they develop new contracts.
- Assisted Shoemaker Manufacturing in Cle Elum with funding for their major expansion project. Expansion will produce an additional 30 jobs and add 54,000 square feet on to their present building. Project was made possible through a Community Development Block Grant Float Loan through CTED for \$1 million. Once the expansion is completed they will employ 180 – 200 and occupy a close to 200,000 square foot building making them the largest year round manufacturing company in Kittitas County. Shoemaker Manufacturing produces vents and grilles for heating and air conditioning systems.
- Assisted in the location of the Western Washington Operating Engineers Apprenticeship Training Facility located on a 1,600-acre site north of the city of Kittitas. This center provides apprenticeship opportunities and journeyman courses for the operation of heavy machinery.
- Provided information to both the community and wind project developers related to the three wind projects proposed for Kittitas County. The Economic Development Group commissioned a report in 2002 with funding from CTED and the Energy Foundation that provided economic data regarding wind power project development and its impacts on our community. The Group toured the Stateline Wind Power project. Based on its positive economic impacts to our community, the Group endorsed the

Kittitas Valley Wind Power project, the Desert Claim Wind Power Project and the Wild Horse Wind Power Project. We are interveners in the Kittitas Valley Wind Power Project that has been suspended until spring of 2005. We are also interveners in the Wild Horse Wind Project which if permitted will be purchased by Puget Sound Energy. Both the Wild Horse Project and the Kittitas Valley Project applied to the state EFSEC agency for permits. The Desert Claim Project is working through Kittitas County for its permits. We have prepared tax analysis information with the assistance of the Kittitas County Assessors Office for the Kittitas Valley and Desert Claim projects and are currently working with PSE and Department of Revenue to develop tax information for the Wild Horse project. We remain actively involved in the development of all of these projects as they work through their respective processes. The ED Group has also actively supported the projects through public testimony. Individual Board members have also offered support for the projects through testimony and letters of support.

- Actively involved in the establishment of the Ellensburg Downtown Association (EDA) and revitalization of downtown Ellensburg. Successfully petitioned the City of Ellensburg for funding that will enable the organization to hire staff. EDA will be housed with the Economic Development Group of Kittitas County.
- Assisted with the start-up activities for these local businesses:
 - Iron Horse Brewery
 - Swiftwater Tractor, Cle Elum
 - Airporter Shuttle Service
 - Hungry Hippo Restaurant
 - Cascade Truck and RV Wash
 - Central Washington Driving School, drivers training
 - Worley Bugger Fly Company, retail fly-fishing store and guide service
 - Kittitas Valley Montessori, private preschool
 - Critter-Cal Care Animal Hospital, emergency veterinarian clinic
 - Cavallini Pharmacy, Cle Elum
- Sponsor of the Central Washington University Economic Outlook Conference from 2001 through 2004.
- Provided assistance to over 200 existing and new business in 2004 including extensive information on our area for in 2004 for 10 companies. Conducted five site visits this year.

Goals

Promote Business Retention & Expansion

Recruit New Business & Industry that Provide Family Wage Jobs

Provide Small/New Business Assistance Programs

Provide and Manage Assets that Promote Economic Development Options Not Otherwise Available from the Private Sector.

Assist County and City Governmental Entities in Support of Economic Development.

Increase Name Identification and Provide Benefits and Services to the Membership.

Market Products and Services Countywide.

GOVERNMENT/COMMUNITY RELATIONS COMMITTEE

Duties of the Government/Community Relations Committee are to:

- ⇒ address a variety of issues relating to government processes and be responsible for inter-active communications (regarding issues) between the Economic Development Group and governmental entities (including CWU).
- ⇒ seek opportunities to partner and support other entities in the community that provide economic benefits for our county.

Zoning issues, water and sewer capacities and regulatory issues are the focus of this committee. It is important that the Economic Development Group of Kittitas County be part of any discussions of this nature and has representation at all pertinent meetings and decision-making forums. This committee is the voice of the Economic Development Group of Kittitas County. Occasional visits to local State Legislators and the Office of Trade and Economic Development would be beneficial to our organization.

Government/Community Affairs Committee

Co-Chairs – Roy Savoian and Ben Goldie

Craig Nevil

Bill Woods

Jack Stoner

Brian Lenz

2004 Activities focused around providing support for Suncadia Resort, including the Business Park and Washington State Horse Park; growth and planning; relationship with CWU and formal visits with local government entities.

RECRUITMENT/BUSINESS RETENTION AND EXPANSION COMMITTEE

Duties of the Recruitment/Business Retention and Expansion Committee are to:

- ⇒ assist staff in efforts relating to recruiting new industry to Kittitas County.
- ⇒ assist staff with expansions of existing businesses in our community.
- ⇒ plan for and assist in implementation of marketing the county-wide area to potential companies looking at locating in this area.
- ⇒ assist staff with actual site visits as first line response team.
- ⇒ assist staff with maintaining an up-to-date database of industrial sites within the county.
- ⇒ meet the needs of workforce (training, development, housing, etc).
- ⇒ assist staff at trade shows or recruitment trips to visit out-of-town prospects.
- ⇒ monitor the business climate for strengths and weaknesses.
- ⇒ identify potential retention cases or "at risk" companies in our community.

The charge of this committee is to ready ourselves for development. As we do this we will be in a better position to retain our existing companies by providing them with the services that will help them be successful in Kittitas County. The Recruitment Committee has combined with the Business Expansion and Retention Committee since their needs are similar at this time.

Recruitment Committee

Chair – Mark Kjelland

Lynn Jenison

John Winbauer

Doug Ryder

Bob Titus

Scott Rollins

Desi Knudson

Bill Meyer

Brian Lenz

Mary Young Ness

2004 activities centered on developing potential sites to pre-permit a virtual industrial building.

RESEARCH AND DEVELOPMENT COMMITTEE

The duties of this committee are to:

- ⇒ analyze and research new ideas that have the potential to create jobs in our community to determine their viability
- ⇒ support research projects at Central Washington University and work with CWU in the creation of a research park
- ⇒ develop objectives and tasks that could be assigned either to existing committees or make the recommendation that a new committee be formed
- ⇒ if necessary, identify funding sources

This group researches the viability of new ideas that are brought to the organization. There may be areas of concern that are identified over a period of time but have not been developed into specific goals and objectives and therefore not assigned to other committees. It is the charge of this group to gather information to present to the entire Board for discussion and direction.

Research & Development Committee

Chair - Fritz Glover

Charlotte Tullos

Jerry Decker

Brian Lenz

Jim Armstrong

Cinda Kohler

2004 activities included research regarding potential funders for a study to determine if access to Mission Ridge from Kittitas County is viable, development of a CWU business research park, feasibility of biodiesel production in Kittitas County and support for the wind energy projects in our county. The committee also explored the clustering concept related to business activities and considered inventory mapping to determine the business clusters that are currently in our county.

Looking

Ahead

to

2005

2005 Chair's Message

Interesting things are happening in Kittitas County. Record residential development in 2004 made us the fourth fastest-growing county in Washington State, and an even greater number of permit applications are already in the pipeline for 2005. This will also be remembered as the year that construction began in earnest at Suncadia, the 4,000-unit master planned resort community near Roslyn.

Already these changes are affecting how we live. No surprise, then, that land use planning surfaced as an issue in the November election with many people questioning the county's traditional open-armed policy toward residential development. And these questions are legitimate, given statistics showing that new residences often use \$1.50 in services for every \$1.00 they produce in tax revenue. In other words, residential development is costing the rest of us money. Commercial development, on the other hand, does just the opposite.

So where is commercial growth? Where are all these new people shopping? The answer seems to be, "elsewhere," which for places like Issaquah and Yakima mean the best of both worlds: we pay for residential growth; they reap the commercial tax harvest.

But this might be changing. Spring 2004 saw a serious proposal to develop "regional retail" or "big box" stores at Ellensburg's West Interchange, and more proposals will surely follow. If zoning is amended to allow such development, which seems likely in some form, then the County may be on the cusp of a major commercial transition.

This won't be without issues of its own, of course. While recognizing that regional retail is what most consumers want, and that it generates jobs and revenue, there is also another side. What would be the effect on established local businesses? How about our downtowns? Some people even worry about our identity, that we'll become just another patch of generic sprawl between Spokane and Seattle.

This difficult and momentous public discussion will be a dominant issue in 2005 as Ellensburg revises its master plan and Kittitas County follows shortly thereafter. It's also a discussion where the Economic Development Group will be highly visible. We'll be asked to supply answers to many of the questions that will arise, and we'll be asked our recommendations. Which is how it should be. And given what's at stake, we take this responsibility very seriously.

Jim Armstrong,
2005 Chair Economic Development Group of Kittitas County

Economic Development Group of Kittitas County 2005 Board of Directors

Executive Committee

Chair: James Armstrong, Howe Armstrong
Vice Chair: Ben Goldie, Cottage Cafe
Secretary: Bob Titus, City of Ellensburg Energy Services
Treasurer: Jerry Decker, Cashmere Valley Bank
EBDA Chair: Doug Ryder, CWU Facility Planning
EBDA Vice Chair: Charlotte Tullos, CWU VP Student Affairs
EBDA Secretary: Lynn Jenison, Windermere Real Estate/Jenison Repp

Board Members

David Bowen, Kittitas County Commissioner
J.J. Collins, Suncadia Resort
Fritz Glover, Loma Linda Orchard
Mark Kjelland, Kittitas County Public Utility District – Director
Cinda Kohler, Pearl's on Pearl
Desmond Knudson, DPK Consultants
Brian Lenz, Puget Sound Energy
William Meyer, O.D., Ellensburg Eye and Contact Lens Clinic
Craig Nevil, Wachovia Securities
John Perrie, Ellensburg City Council Member
Scott Rollins, State Farm Insurance
Roy Savoian, CWU – Dean College of Business
Mary Young Ness, CPA

Ex-Officio: Rick Osborne, Amerititle

Staff

Debbie Strand, Executive Director
Sherry Luke, Bookkeeper / Assistant

2005 Budget Comparison

	<u>2005 BUDGET</u>	<u>2004 ACTUAL</u>	<u>2004 BUDGET</u>
REVENUES			
Grants		45,000.00	---
Interest	3,454.00	3,815.43	4,060.00
Miscellaneous	5,300.00	10,308.10	16,105.00
Private Sponsorships	10,000.00	6,700.00	6,700.00
Public Funds	79,000.00	53,880.83	79,000.00
Rents	77,003.00	73,795.74	74,458.00
Total Revenues	\$174,757.00	\$193,500.10	\$180,323.00
EXPENDITURES			
Accounting	1,000.00	1,155.00	300.00
Advertising/Marketing	8,000.00	3,519.96	6,732.00
Audit	2,000.00	2,069.70	---
Bad Debt	---	4,171.52	---
Depreciation	19,740.00	20,943.99	21,684.00
Grants	1,500.00	---	1,500.00
Insurance	13,358.00	10,888.03	11,500.00
Land Lease	10,278.00	10,278.31	8,600.00
Maintenance: Building and Equipment	5,930.00	5,661.10	4,630.00
Miscellaneous	2,750.00	2,994.22	2,230.00
Payroll	80,655.00	81,363.71	81,204.00
Office Expense/Supplies	16,005.00	13,477.84	19,376.00
Travel and Meetings	3,000.00	2,470.49	4,500.00
Utilities	10,790.00	7,026.05	10,386.00
Total Expenditures	175,006.00	166,019.92	\$172,642.00
NET REVENUES	<u>1,605.00</u>	<u>4,848.44</u>	<u>\$7,681.00</u>

WORK PLAN FOR 2005

The general focus for 2005 was to reevaluate, modify, and prioritize the 2004 goals. With the help of a facilitator the Board identified one task for each Committee as a priority. Each Committee will identify specific "benchmark" activities as achievements related to that task. Other tasks remain on the list and will be handled as necessary.

Research and Development Committee

1. **Mission Ridge** -- provide a direct access for skiers and snowboarders to Mission Ridge from Interstate 90 and Ellensburg.
 - a. Establish a Resource Team
 - b. Talk with the ski industry, Mission Ridge, and City of Wenatchee and Ellensburg
 - c. Identify funds and produce a feasibility study
 - d. Implement recommendations of study
2. **Business Clustering** -- use the business cluster concept to attract new businesses to our community.
 - a. Identify clusters currently in our community, possibly identify funds to provide information
 - b. Survey businesses to obtain database modeled after other studies.
3. **Telecommunications** -- infrastructure, especially for Upper County
 - a. Partner with private and public entities
4. **CWU Business/Research Park** -- continue to work with CWU to foster for-profit companies resulting from research being conducted at CWU.
5. **Alternative Energy** -- such as wind, biodiesel. Continue to explore the feasibility of biodiesel production in Kittitas County.
 - a. Identify/document current crops with sources and refineries – ask Farm Bureau
 - b. Write report under our name
 - c. Submit report/report findings

Recruitment, Retention and Expansion Committee

1. **Pre-permitting** -- refocus on City of Ellensburg, Cle Elum and Kittitas County properties.
 - a. Identify sites
 - b. Pre-permit a virtual building, possibly a new building at airport
 - c. Add a pre-permitted virtual building to our web site
2. **Target Market** -- target business or businesses to recruit to community.
 - a. Identify target businesses, possibly in conjunction with R&D business clustering task
3. **Site Selection Team** -- develop a formal team for site visits to our community.

Government and Community Relations

1. **Develop Relationship with Elected Officials** -- continue communications with Federal, State, and local elected officials, especially the two new County Commissioners and new Community Development Director
 - a. Fill a Board position with a County Representative
 - b. Provide economic development education
 - c. Quantify number of meetings
2. **Growth and Planning** -- be strategically involved with the upcoming revisions of the Comprehensive Plans for Ellensburg and Kittitas County. Continue support for revitalization efforts in downtowns.
 - a. Become familiar with the Comprehensive Plans
 - b. Distribute the economic development portion of plans to Board Members
 - c. Start a new Board Committee?
 - d. Research how other economic development groups become involved with city/county planning
 - e. New Committee report for the Comprehensive Plan at every Board Meeting
 - f. Hold special Board Meetings to review/discuss the Comprehensive Plan
3. **Suncadia** -- Continue to support and provide assistance to Suncadia Resort, especially the Horse Park and UGA Light Industrial Park.
4. **CWU** -- Continue efforts to formalize our relationship with CWU

Transportation

1. I-90 Expansion Project -- be involved with the I-90 expansion project, especially with WSDOT, Federal and State Legislators, and local businesses.
 - a. Obtain commuting information, possibly through a survey of County residents, and possibly in conjunction with a Retail Leakage Study
 - b. Investigate a Park and Ride
 - c. Use radio talk shows, newspaper articles, etc. to generate interest

How can the Economic Development Group be more effective?

- a. Market ourselves -- promote what we do to the community
- b. Select one task, such as Mission Ridge, and be successful, thus marketing ourselves, encouraging new members, and providing economic development
- c. Increased reporting on our Web Site
- d. Write a regular column in the newspaper
- e. Publish a newsletter
- f. Quantify and publish results of staff activities
- g. Increase Membership -- after a major success and when exclusive services can be identified.



ELLENSBURG BUSINESS DEVELOPMENT AUTHORITY

OUR MISSION STATEMENT:

The Ellensburg Business Development Authority will serve as a focal point for local job creation and economic diversification by:

- ⇒ Providing a multi-tenant building in which new and expanding light industrial businesses can locate during their critical development years;
- ⇒ Providing access to shared centralized services;
- ⇒ Providing business management assistance.



Ellensburg Business Development Authority

2005 Board of Directors

Chair: Doug Ryder, Central Washington University Facilities Planning
Vice Chair: Charlotte Tullos, Central Washington University VP-Student Affairs
Secretary: Lynn Jenison, Windermere Real Estate / Jenison-Repp
Treasurer: Jerry Decker, Cashmere Valley Bank

Board Members

Fritz Glover, Loma Linda Orchard
Desmond Knudson, DPK Consultants
William Meyer, O.D., Ellensburg Eye & Contact Lens Clinic
Bob Titus, City of Ellensburg Energy Services

Staff

Debbie Strand, Executive Director
Sherry Luke, Administrative Assistant

Ellensburg Business Incubator



The Ellensburg Business Incubator offers the most comprehensive business planning, start-up and expansion assistance program in the Kittitas Valley. Through the Incubator without Walls Program, assistance is offered to both tenants and non-tenants.

Some assistance programs available are:

- Access to financing
- Management training
- Business plan development
- Marketing plan assistance
- Demographic information

The Ellensburg Business Incubator was constructed in 1989. The City of Ellensburg was instrumental in its creation and continues to play an active role. The Ellensburg Business Development Authority provides day-to-day management of the building.

There is a total of 10,000 square feet of manufacturing space within the incubator building divided into four bays ranging in size from 900 square feet to 4,000 square feet. The building is fully occupied.



In July 2003, Purity Soapworks was purchased and the new owners have been devoting 100% of their time bringing customers handmade soaps and natural bath products that are gentle, long lasting, have a rich creamy lather, and retain the natural glycerin produced in the soap making process.

Purity Soapworks and MoonChild Natural Soap specialize in the creation of luxurious handcrafted cold-process vegetable based soaps, lotions, body oils, scented sprays and superb gift baskets. Their handmade soaps and natural bath products are gentle, long lasting, have a rich creamy lather and retain the natural glycerin produced in the soap making process.

They occupy a 1,000 square feet space in the Ellensburg Business Incubator Building. For more information visit their website at www.puritysoap.com.



**BLACK HORSE LAUNDRY
EQUIPMENT CO.**

Black Horse supplies parts for all major makes of washers and dryers. They also provide detailed laundry room plans and assist in equipment sizing. They have the capability of providing delivery, installation, start-up and training as well as follow-up service and parts.

The owners had 25 years of experience in the industry prior to the startup of this company. They have occupied a 4,000 square foot space in the Ellensburg Business Incubator Building since September of 2002. As a complement to this business, the owners recently purchased Superior Dry Cleaners.



Iron Horse Brewery is a start up wholesale brewery that located in the Incubator in the fall of 2004. Iron Horse Brewery is a corporation managed by a professional brewer, Jim Quilter, with 13 years of experience in the industry producing high quality, fresh ale. Most recently Quilter was the brewer at Winthrop Brewing Company in Winthrop. Initially it will produce four different styles of ale: " Rodeo City" Extra Pale Ale, Iron Horse IPA, Iron Horse Red, and "Locomotive" Strong Red Ale. These products will be sold wholesale in kegs and bottles to premium pubs, taverns, restaurants and stores in the town of Ellensburg and throughout the state. Retail items such as T-shirts and glassware with our logo printed on them will be available in a small retail shop located on the manufacturing premise. Product will be available wholesale only in bottles and kegs.

Consolidated Routing

Consolidated Routing is a warehousing distribution center serving Central Washington. They have been occupying 2,000 square feet of space in the Ellensburg Business Incubator since 2001. Ellensburg provides an ideal central location for this company due to its central location at the crossroads of major interstate highways.



Composites Atlantic Limited has earned a reputation as a leader in the design, testing, certification and manufacture of advanced composites for the aerospace, space, defense, and commercial industries. They have been present in both the national and international market since 1988. The company serves their customer base and new markets with experience in project management, systems engineering, design, testing, certification, procurement, quality assurance and manufacturing. The Ellensburg facility is a satellite of the USA offices located in Kent. Company headquarters are located in Nova Scotia.

Ellensburg Business Development Authority Industrial Complex



- Located at the Kittitas County Airport Business Park at Bowers Field
- Approximately 3 miles from I-90 and Highway-97
- Approximately 4 miles from I-82
- EBDA Industrial Complex is centrally located in the Business Park on a 3-acre parcel
- Water, sewer, natural gas, electricity on site
- CAT 5 cabling
- Currently lease rate is \$.40 cents per month a square foot plus 12.84% leasehold tax
- Initial lease terms are 1 year and negotiable each year thereafter
- Phase 1 was constructed in 2001
- Phase 2 and 3 can be constructed for qualified tenants
 - Phase 2 will be an 8,000 -10,000 square foot building
 - Phase 3 will be an 18,000 to 20,000 square foot building
 - These buildings will be constructed based on demand



Hobart Machined Products specializes in the manufacture and repair of precision parts and hardware for the Aerospace, Medical, Automotive and Electronic Industries all across the United States and Internationally. Their expertise lies in their technical experience and ability to complete very complex machining tasks. Special attention is paid to workmanship and detail to ensure a top quality, dependable product.

They have been serving customers for over 25 years from their Hobart location. They expanded to Ellensburg in 2002 and currently occupy 6,000 square feet in the Airport building. For more information visit their website at www.hobartmachined.com.



Pelle Activewear manufactures and wholesales a variety of gymnastics clothing including leotards, unitards, shorts, leggings, and other pieces. For more information about Pelle Activewear products visit their website at www.pelle-activewear.com.

Pelle Activewear is a 2002 graduate of the Ellensburg Business Incubator. They occupy a 2,000 square foot space in the Airport building.



EarthScope is a project that uses technology to investigate the structure and evolution of the North American continent and the physical processes controlling earthquakes and volcanic eruptions. This seismic research may help scientists develop a means of predicting when an earthquake may occur. The northwest office of the Unavco EarthScope project is located in Ellensburg. The project is funded through the National Science Foundation. Scientists are installing measuring devices throughout the northwest to record seismic data.