



Annual Report 2005

May 2006



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.

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

Economic Development Group 2005 Board of Directors

Executive Committee

Group Chair: James Armstrong, Howe Armstrong
Group Vice Chair: Mary Young-Ness, CPA
Group Secretary: Bob Titus, City of Ellensburg Energy Services
Group/EBDA 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/Ellensburg

Board Members Serving Full or Partial Terms

Ted Barkley, Ellensburg City Manager
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
Jerilyn McIntyre, President Central Washington University
William Meyer, Ellensburg Eye and Contact Lens Clinic
Craig Nevil, Wedbush Morgan Securities
John Perrie, Ellensburg City Council Member
Jeri Porter, Mayor of Roslyn
Scott Rollins, State Farm Insurance
Roy Savoian, CWU – Dean College of Business
Bruce Tabb, Executive Director of Elmview

Ex-Officio Member

Rick Osborne, AmeriTitle

Staff

Debbie Strand, Executive Director
Sherry Luke, Administrative Assistant

Message from the 2005 Chair

Reviewing last year's Incoming Chair's Message I'm struck by how little changed during the past year. Most important from an economic development viewpoint was that the county's residential explosion continued to mushroom. Since statistics show that new residences typically use as much as \$1.35 in services for every \$1.00 they produce in tax revenue, residential development is increasingly costing the rest of us money. As this disparity increases we will soon be faced with a simple choice: raise taxes for everyone or cut services for everyone. So much for generations of county commissioners who assured us that residential growth had only an upside.

Perhaps more puzzling is the reaction of our current county administration to this crisis. Sprawling re-zones continue to be granted with the explanation that there's no real choice under the current comprehensive plan. At the same time the public is told that a temporary delay in accepting new residential applications until the backlog can be processed, or the staggering tax/services deficit addressed, might not be permissible under state rules. But these excuses increasingly strike the average citizen as lame. Since when was a rezone a right, and since when have real leaders let the fear of lawsuits guide policy? True leaders do what's needed then fight for it in court, if necessary. They lead.

What's most perplexing is that our county seems intent on not addressing the worsening tax/services equation. Commercial and industrial growth, which in contrast to residential development deliver far more in taxes than they draw in services, are given little more than token attention. The Kittitas Valley Wind Power Project, which the Economic Development Group supported, would have pumped enormous tax revenue into the system at almost no cost yet negotiations with the county were allowed to crumble over the issue of a few hundred feet of setback distance. In order to attract the commercial and industrial growth that we need to sustain our community we must have developable sites.

Economic development is a complex and often-misunderstood art but whose principles are sound and tested. It can say truthfully that some things work, others cause headache and regret for generations. The challenge facing the Economic Development Group during the coming years will be to retain its place at the table, and to perhaps raise its voice when necessary to explain the difference between the two.

Jim Armstrong
2005 Chair

Committees

Economic Development Group Board members serve on these committees: Executive Committee, Community Affairs Committee, Research and Development Committee and Recruitment, Retention and Expansion Committee. In addition to these committees ad hoc committees are formed for specific tasks as needed. Following is a brief synopsis of 2005 activities for each of the committees.

The purpose of the **Community Affairs Committee** is to provide education and community awareness about the ED Group and its mission. During 2005, Committee member, Craig Nevil, and Executive Director, Debbie Strand, assisted the Cle Elum Municipal Airport in securing a \$20 million commitment from the FAA for development. The committee also began planning an event around the theme of a "Regional Economic Development Update" which would highlight projects that impact the economy and business climate of Kittitas County. The first event is planned for the fall of 2006 with continued updates each spring (Annual Meeting) and fall.

The purpose of the **Recruitment, Retention and Expansion Committee** is to assist staff with activities that promote business development. During 2005 the committee worked on two major tasks: developing industrial sites that are ready to build on and creating a "toolkit" for businesses interested in locating in our county from outside the area. In 2006 the committee will conduct a survey of selected businesses in the community regarding their future business plans as a follow up to surveys conducted in 1999.

The purpose of the **Research and Development Committee** is to research the viability of new economic development projects. It is the charge of this group to gather information to present to the entire Board for discussion and direction.

During 2005, the committee continued to track activities around alternate energy projects, biodiesel production, a CWU Business Research Park, and the Airport Industrial Park. The committee considered how the ED Group should participate in the updates of local comprehensive plans and related to this, an ad hoc committee was formed to prepare public testimony to request that an adequate supply of appropriately zoned industrial property be developed in the county to accommodate business development. The committee determined that additional business development incentives are needed to attract family wage jobs to the area. For 2006 the committee will research and identify potential incentives and determine how they might be implemented.

MAJOR ACTIVITIES 2005

- Iron Horse Brewery began full wholesale operations at the Ellensburg Business Incubator in early 2005. The product is distributed throughout Washington State and available in taverns, bars and restaurants. Bottling began mid-year, which enabled the product to be offered at supermarkets and other retail outlets. Beer, T-shirts, glasses, and some home brewing supplies are available at his retail store at the incubator.
- Composites Atlantic Ltd located a small assembly operation in the former office space of the Economic Development Group/Ellensburg Business Development Authority in the business incubator building. This small operation has the capability of growing to a much larger operation. The wire harness assembled here is used on Boeing aircraft. We will continue to work closely with this company throughout 2006 as they seek contracts that will enable them to expand. The company employs 4 – 6 part time, mainly CWU students. One of the students was hired at Boeing after graduation last June due in part to his work for Composites Atlantic.
- Canopy County RV located on property off Dolarway at the West Interchange. They also have a facility in Union Gap. The company services and sells recreational vehicles, along with a complete parts and accessories store. The company invested approximately \$3 million in this expansion in land, building, equipment, inventory, furnishings and fixtures. The Economic Development Group provided the company with access to state financing and workforce assistance. The company employees approximately 10 here.
- DirecTV purchased the old BPA building on Dolarway for an uplink facility. Four to 10 large satellite dishes will be located on the property to receive and send signals. It is estimated that 3 – 5 employees will be on site.
- Provided information to both the community and wind project developers related to the three wind projects proposed for Kittitas County. The Economic Development Group endorsed all three projects due to their potential positive economic impacts on the community through capital investment, taxes, and jobs created. We were heavily involved in the EFSEC process as interveners for both the Kittitas Valley Wind Power Project and the Wild Horse Wind Project. Puget Sound Energy purchased the Wild Horse project. The Governor signed the Site Certification Agreement permitting this project in eastern Kittitas County. Site work has begun with major construction to occur in the spring and summer of 2006. The ED Group has actively supported the projects through public testimony.

- Actively involved in the operations of the Ellensburg Downtown Association (EDA) and revitalization efforts of downtown Ellensburg. EDA is housed in our office. Board members and staff serve on the EDA Board and Committees.
- Worked with numerous CWU classes including several management classes. The most visible project was a market research class survey on community opinion of regional retail that received local press coverage.
- The Economic Development Group endorsed or supported the concept of regional retail in Kittitas County, a conservation project in the Naneum area and the I-90 expansion project.
- The ED Group was active in comprehensive plan updates for the City of Ellensburg and Kittitas County. A sub committee was formed to formally respond to the draft land use and economic development chapters of the Ellensburg Comprehensive Plan. We will continue to be intimately involved with comprehensive plan updates during 2006. The organization proposed a comprehensive plan amendment, which changed the land use of the former gun club site at the county airport business park to industrial. Both the City of Ellensburg and Kittitas County approved the amendment
- The ED Group worked closely with the city of Ellensburg on development of the city-owned property off Dolarway Road. At least a portion of the property is proposed for business or industrial use.
- The ED Group obtained funding from CTED for a feasibility study to determine if access to the Mission Ridge Ski area from Kittitas County is feasible by overhead transportation. Matching funds are being sought and the study will be completed by June 30, 2006.
- The ED GROUP sponsored two community presentations. Jim Mooney of DeSCo Solutions from Indiana presented local retail leakage analysis and Jack Schultz, the author of Boomtown USA, shared his impressions of Ellensburg with a small group of community leaders.
- Provided general assistance to over 100 existing and new businesses in 2005. Much of this assistance involved business plan development and assistance with loan packaging. Extensive information on our area was provided to approximately ten out-of-state companies. Conducted three site visits this year and also provided local real estate contacts for several other businesses.

Members 2006

Basic

Ellensburg Chamber of Commerce
Howe Armstrong
Loma Linda Orchard
William R. Meyer, O.D.
Craig Nevil
Margaret Potter
Scott Rollins
Roy Savoian
Bob Titus
Mary Young-Ness
Zachlift International

Team Member

Cottage Cafe

Supporter

Bob Case Jr.
Cashmere Valley Bank
Central Washington University – Student Affairs
Ellensburg Telephone
Kittitas County PUD
Puget Sound Energy
Windermere Real Estate/Ellensburg
Yakima Federal Savings and Loan

Bronze Investor

Bank of the West
Shoemaker Manufacturing
Horizon Wind Energy

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 updated statistical data and other demographic information 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's 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.

Balance Sheet

As of December 31, 2005

	<u>ECONOMIC DEVELOPMENT GROUP of KITITAS COUNTY</u>	<u>ELLENSBURG BUSINESS DEVELOPMENT AUTHORITY</u>	<u>TOTAL</u>
ASSETS			
Checking and Savings	26,762.34	188,250.87	215,013.21
Accounts Receivable	300.00	17,089.39	17,389.39
Notes Receivable	---	17,894.82	17,894.82
Fixed Assets	5,698.65	740,333.40	746,032.05
Less: Depreciation	<u>-4,395.92</u>	<u>-97,460.23</u>	<u>-101,856.15</u>
TOTAL ASSETS	<u><u>\$28,365.07</u></u>	<u><u>\$866,108.25</u></u>	<u><u>\$894,473.32</u></u>
 LIABILITIES & EQUITY			
Liabilities			
Current	3,120.34	24,127.35	27,247.69
Long-Term	---	391,192.79	391,192.79
Total Liabilities	<u>\$3,120.34</u>	<u>\$415,320.14</u>	<u>\$418,440.48</u>
 Equity			
Net Assets	<u>25,244.73</u>	<u>450,788.11</u>	<u>476,032.84</u>
Total Equity	<u>\$25,244.73</u>	<u>\$450,788.11</u>	<u>\$476,032.84</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$28,365.07</u></u>	<u><u>\$866,108.25</u></u>	<u><u>\$894,473.32</u></u>