

*City of Battle Ground*



Economic Development





# Chapter 7: Economic Development

## 7.1 Introduction

The purpose of the Economic Development Element is to outline a long-term strategy for maximizing commercial and industrial land development, to create economic stimulus for Battle Ground and to encourage creation of additional living wage jobs for its residents.

## 7.2 Policy and Regulatory Context

### 7.2.1 Growth Management Act

The Economic Development Element is required under the 1990 GMA for all communities except those wishing to have a residential focus. This is a new requirement in response to the changing economy of Washington and the United States. GMA requires that the Element include a summary of the local economy such as population, employment, payroll, employment sectors, businesses, sales, and other information as appropriate. In addition the Element should include a summary of the strengths and weaknesses of the local economy including any supporting factors such as land use, transportation, utilities, education, work force, housing, and natural/cultural resources. Finally, the Element should identify policies, programs, and projects to foster economic growth and development

and to address future needs. The 1990 State GMA established the following economic development goal:

- Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, and encourage growth, all within the capacities of the state's natural resources, public services, and public facilities.

### 7.2.2 County-Wide Economic Development Policies

Clark County has goals and policies that will direct economic development policy within the county. The Economic Development Element and other Elements of Battle Ground's *Plan* are consistent with the following countywide economic development policies:

- Encourage a balance of job and housing opportunities in each urban center. Provide sufficient land for business as well as homes. Businesses within the community should provide a range of job types.

- Encourage industrial uses in major urban centers, small towns and community centers.
- Revise commercial and industrial development standards to allow for mixed use developments and ensure compatibility with nearby residential and public land uses.
- Encourage businesses which pay a family wage to locate in Clark County.
- Encourage appropriate commercial development in neighborhoods and rural centers that support the surrounding community.
- Establish incentives for the long-term holding of prime industrial land.
- Encourage local jurisdictions and special districts to hold prime industrial land for future development.

## 7.3 Goals and Objectives

### **ECONOMIC DEVELOPMENT GOAL 1: The City encourages a strong, independent and broad-based economy in the city**

#### OBJECTIVES

- EDO1.1** The City will work to remain the economic activity center for central Clark County.
- EDO1.2** Battle Ground will encourage the development of industries that pay at least a family wage.
- EDO1.3** The City will encourage the creation of appropriate incentives and strategies to attract new businesses and retain existing businesses.
- EDO1.4** The City will encourage the redevelopment of key commercial and industrial sites.

**EDO1.5** The City will identify and plan economic development target areas.

**EDO1.6** Battle Ground will encourage strategic placement of services to allow equal access for the whole community.

**EDO1.7** The City will work to achieve a significant financial return on resources used for economic development purposes.

**EDO1.8** The City will support an organization that promotes the downtown district.

### **ECONOMIC DEVELOPMENT GOAL 2: The City encourages regional economic development strategies**

#### OBJECTIVES

**EDO2.1** The City will maintain a strong working relationship with other public and private entities that will influence the implementation of Battle Ground's 50-year vision (EA5.1.3).

**EDO2.2** The City will coordinate with Clark County, the Columbia River Economic Development Council, and others to preserve land outside of the Battle Ground city limits for the purpose of economic development.

## 7.4 Existing Conditions

This section provides an analysis of current trends in population and employment. The purpose of this analysis is to establish a baseline understanding of the character and direction of Battle Ground's economy, including demographic trends, spending patterns, labor force composition, and industries in which Battle Ground holds a competitive advantage. All of these features viewed together provide a broad overview of Battle Ground's economy, upon which policies and programs related to economic development should be based.

**Table 7-1: Households by Income**

Income Range	2003		2008*		2003-2008
	Number	Percent	Number	Percent	Percent Increase
< \$15,000	361	10.30%	372	8.90%	3.05%
\$15,000 - \$24,999	404	11.50%	403	9.60%	-0.25%
\$25,000 - \$34,999	346	9.80%	370	8.80%	6.94%
\$35,000 - \$49,999	672	19.10%	690	16.50%	2.68%
\$50,000 - \$74,999	935	26.60%	1,119	26.80%	19.68%
\$75,000 - \$99,999	381	10.80%	462	11.00%	21.26%
\$100,000 - \$149,999	344	9.80%	616	14.70%	79.07%
\$150,000 - \$199,000	55	1.60%	107	2.60%	94.55%
\$200,000 +	15	0.40%	44	1.10%	193.33%
Median Household Income	\$49,347		\$54,033		9.5%
Average Household Income	\$55,425		\$63,249		14.1%
Per Capita Income	\$18,543		\$21,232		14.5%

Source: ESRI BIS Note: \*Year 2003 dollars

### 7.4.1 Current Trends in Population

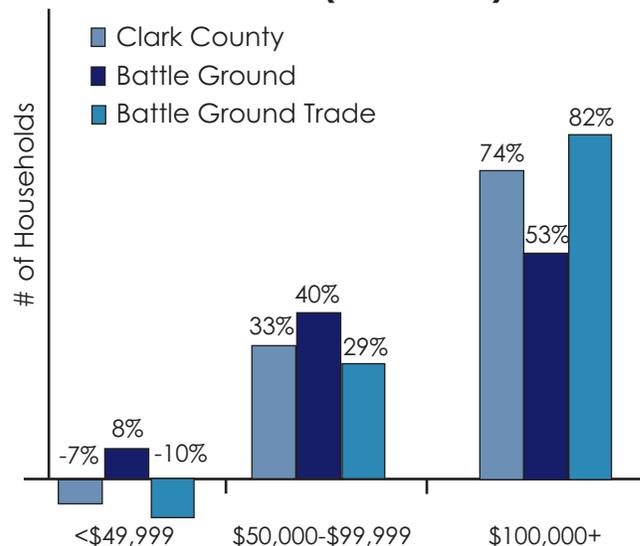
It is clear from recent demographic change that Battle Ground’s growth is historically unprecedented. Battle Ground has emerged as a bedroom community for Portland and Vancouver, with strong retail uses along SR 502 and SR 503 driven by the wider market area. It is anticipated that about 20,891 new residents in 8,740 dwelling units will locate in Battle Ground between 2009 and 2024. During this period, 162,191 new residents in almost 60,267 households are expected to locate in Clark County. Battle Ground is projected to capture about 12 percent of all county population growth.

Household income groups range from less than \$15,000 per year to more than \$200,000 per year. The income of the greatest concentration of households is around the \$50,000 to \$74,999 income range, with a median income of approximately \$49,000 (see Table 7-1).

Income distribution projections for 2008 reveal that while median household income for Battle Ground and the Battle Ground Trade Area does not increase significantly, the income groups that

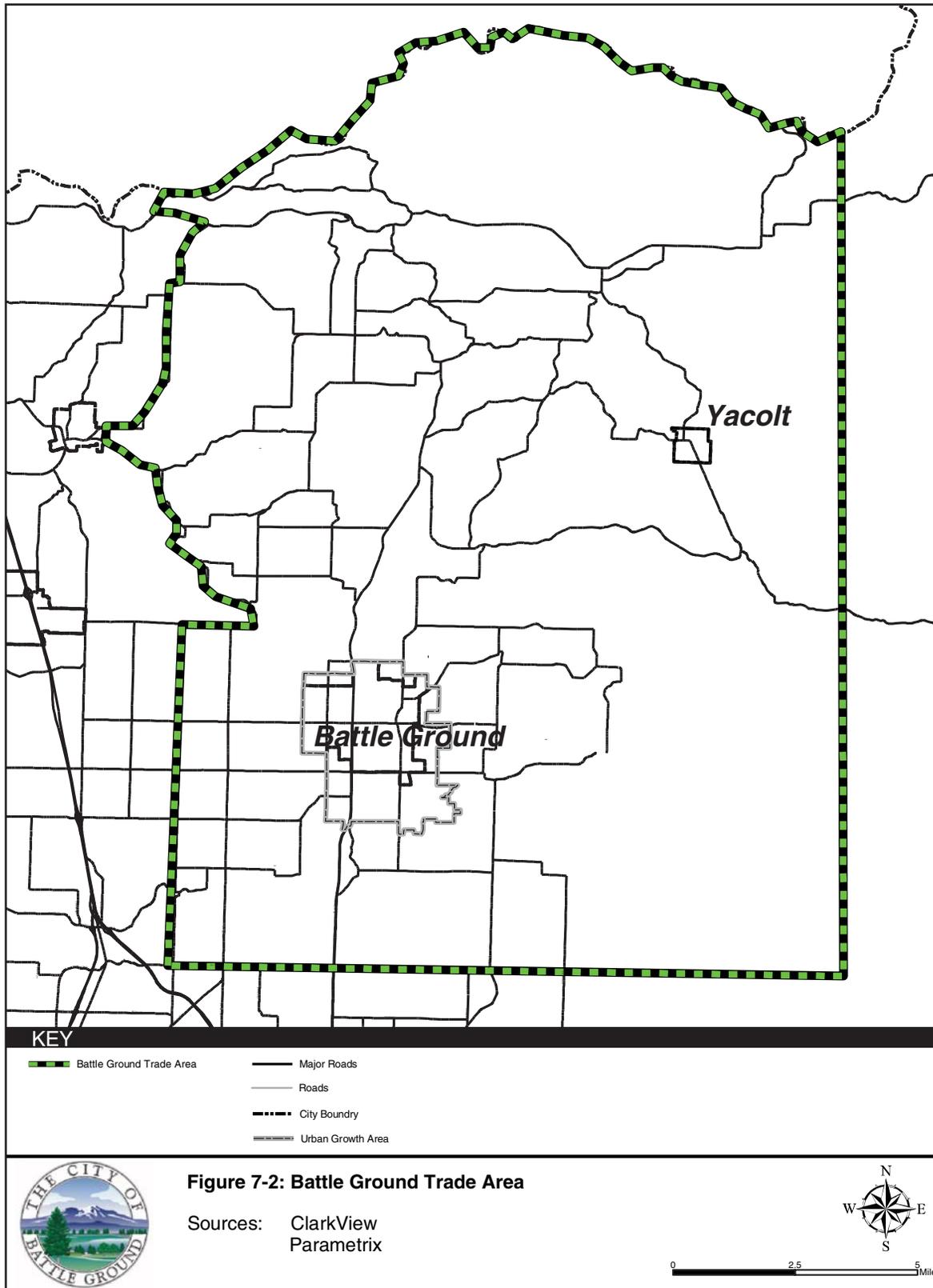
will experience the highest rate of growth range from \$100,000 to \$200,000 or more (see Figure 7-1). The Battle Ground Trade Area is the residential area surrounding Battle Ground from which Battle Ground businesses draw their customer base (see Figure 7-2). In 2003, Median income for Clark County was \$51,439.

**Figure 7-1: Change in Household Income (2003-2008)**



Source: ESRI BIS

**Figure 7-2: Battle Ground Trade Area**



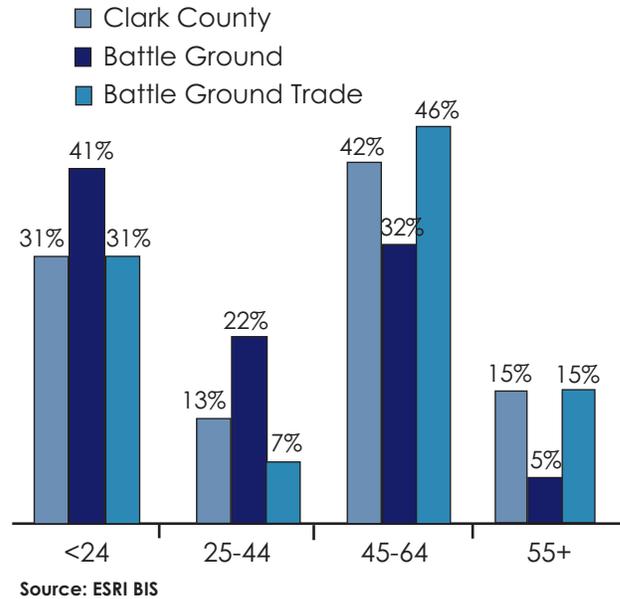
Changes in Battle Ground’s age distribution indicate that more established, higher income, families are locating in the areas surrounding Battle Ground, while Battle Ground has more young families moving in (see Figure 7-3).

### 7.4.2 Retail and Services in Battle Ground

Provision of space for retail and services for consumers is a vital part of the *Plan*. At the same time, it is desirable to balance land uses so that retail space does not preclude other employment, institutional needs, or housing opportunities.

Battle Ground serves as a retail center for a trade area extending beyond the city limits. In 2002, the latest full year of available data, retail sales in Battle Ground were over \$106 million, in excess of consumer spending available within the city. In other words, Battle Ground has been drawing sales from a larger area than the city boundaries as demonstrated in Tables 7-2 and 7-3. Table 7-2 summarizes the number

**Figure 7-3: Change in Age Groups (2003-2008)**



of businesses, total sales, and sales per business for the retail and service trades in Battle Ground.

**Table 7-2: 2003 Retail and Services Sales in the Battle Ground Area\***

Industry	Businesses	Taxable Sales**	Total Sales	Sales per Business
<b>Retail Trade Total</b>	<b>626</b>	<b>\$67,416,622</b>	<b>\$106,176,653</b>	<b>\$169,611</b>
Building Materials/Hardware	58	\$1,930,766	\$2,024,074	\$34,898
General Merchandise	3	\$256,512	\$356,094	\$118,698
Food	16	\$30,163,573	\$87,331,744	\$5,458,234
Auto Dealer/Gas Stations	32	\$10,028,770	\$14,665,966	\$458,311
Apparel/Accessories	22	\$1,244,673	\$2,126,839	\$96,675
Furniture/Furnishings/Equip	107	\$2,465,056	\$3,097,621	\$28,950
Eating/Drinking Places	37	\$12,444,241	\$12,971,928	\$350,593
Miscellaneous Retail Stores	351	\$8,874,031	\$17,788,162	\$50,679
<b>Services</b>	<b>540</b>	<b>\$11,036,003</b>	<b>\$14,626,446</b>	<b>\$27,086</b>
Personal Services	46	\$1,529,162	\$1,706,619	\$31,100
Business Services	278	\$2,545,676	\$3,974,438	\$14,297
Computer Services	56	\$299,536	\$652,341	\$11,649
Automotive Repair/Services	63	\$4,283,056	\$4,581,482	\$72,722
Other Services	153	\$2,678,109	\$4,021,485	\$26,284

Source: Washington Department of Revenue

Note: \*This table provides statistics on businesses that have Battle Ground addresses, some of which are outside of the current city limits

\*\*Some types of sales are not subject to Washington sales tax

Table 7-3 describes current and projected sales for Battle Ground and its trade area, and provides an estimate and projection of the total commercial space that could be supported.

A review of consumer spending for the city and for the trade area shows that Battle Ground is capturing approximately half of all retail spending available in its market area. Recent changes in household income appear to support development of additional retail and service uses in Battle Ground.

### 7.4.3 Employment

Clark County's employment market has become increasingly diversified compared to its historical

concentration in agricultural and resource-based industries. Manufacturing and agriculture now make up one fifth of all employment, while Trade Transportation and Utilities, and Finance and Insurance industries provide 39 percent of jobs in Clark County. Other service sectors make up 25 percent of employment, and 18 percent of jobs are with federal, state and local governments.

The top three industries by number of employees in Battle Ground are Government, Construction, Mining and Logging, and Retail Trade which comprise more than half of all employment in Battle Ground (see Table 7-4).

**Table 7-3: Consumer Spending**

	2003 Expenditures	2008 Estimate**	2003-2008 Change
<b>Battle Ground Trade Area</b>			
Apparel and Services	\$31,582,644	\$56,597,750	\$4,342,189
Electronics	\$45,523,526	\$81,919,863	\$6,284,905
Entertainment	\$13,687,534	\$24,742,036	\$1,898,213
Food and Beverages	\$87,884,465	\$158,671,852	\$12,173,331
Health	\$6,001,803	\$11,117,226	\$852,915
Home	\$27,773,350	\$50,216,991	\$3,852,656
Other	\$9,581,630	\$17,410,802	\$1,335,760
<i>Total Retail Spending</i>	<i>\$369,936,551</i>	<i>\$400,676,520</i>	<i>\$30,739,969</i>
<i>Supportable Retail Space at Sales of \$220/SF*</i>	<i>1,681,530</i>	<i>1,821,257</i>	<i>139,727</i>
<b>Battle Ground City</b>			
Apparel and Services	\$9,134,896	\$4,517,003	\$1,906,430
Electronics	\$4,851,681	\$2,399,048	\$1,012,534
Entertainment	\$3,917,858	\$1,937,294	\$817,647
Food and Beverages	\$25,773,976	\$12,744,658	\$5,378,963
Health	\$1,778,841	\$879,597	\$371,240
Home	\$7,922,478	\$3,917,489	\$1,653,401
Other	\$2,859,999	\$1,414,206	\$596,875
<i>Total Retail Spending</i>	<i>\$56,239,729</i>	<i>\$27,809,294</i>	<i>\$11,737,089</i>
<i>Supportable Retail Space at Sales of \$220/SF*</i>	<i>\$255,635</i>	<i>\$126,406</i>	<i>\$53,350</i>

Source: Washington Department of Revenue

Note: \*\$220/SF is the industry standard average sales per square foot for shopping centers, based on research conducted by the Urb Institute

\*\*Adjusted for inflation at 2% annual rate

The last three years have been economically difficult for Clark County because of structural change in the national economy. Employment statistics over the three-year period indicate that manufacturing has declined in production of both durable and non-durable goods Information Services has declined. Most other sectors remain relatively flat. Several industries diverge from this trend, including Food Manufacturing, Wholesale Trade, General Merchandise Stores (i.e. Fred Meyer, and Wal-Mart), Finance and Insurance, and Education and Health Services.

In Clark County, sectors that experienced decreased employment rolls lost 14,567 jobs between 2000 and the end of 2003 while those that increased employment gained 16,250 jobs for a net gain of 1,683 jobs during this time period. The shift from manufacturing into services is consistent with a long-term national trend that is unlikely to reverse. Because of the recent decline, demand in

the industrial real estate market has also declined resulting in higher industrial vacancies.

Another issue facing Battle Ground is the changing composition of the labor force. While Battle Ground is less white collar than Clark County as a whole, the greatest difference appears to be an increase in persons employed in construction (see Figure 7-4).

This chart demonstrates that employment patterns in Battle Ground parallel those in Clark County. With the trend in declining manufacturing and resource jobs, Battle Ground should concentrate less on industrial space and more on flexible employment space for the sectors and occupations that seem to be gaining ground and increasing annual employment rolls by 5 percent or more. The City of Battle Ground will regularly review confidential Washington State employment data to assess which businesses and industries are growing within the city. The changing income demographics

**Table 7-4: Battle Ground Employment**

Industry	Employment	Percent
Construction, Mining and Logging	633	17.9%
Manufacturing	99	2.8%
Trade, Transportation, Utilities	75	2.1%
Retail Trade	527	14.9%
Financial Activities	124	3.5%
Real Estate, Rental and Leasing	36	1.0%
Professional, Technical, Scientific Services	40	1.1%
Administrative Services and Waste Mgmt.	205	5.8%
Health Care and Social Assistance	269	7.6%
Arts, Entertainment and Recreation	78	2.2%
Lodging and Food Services	399	11.3%
Other Services (excluding private households)	103	2.9%
Government	768	21.7%
Not disclosed	177	5.0%
<b>Total</b>	<b>3,533</b>	<b>100.0%</b>

Source: Washington Employment Security

of the city and the surrounding area indicate a shift to high-income households that are not employed in lower wage industrial, retail, or service jobs.

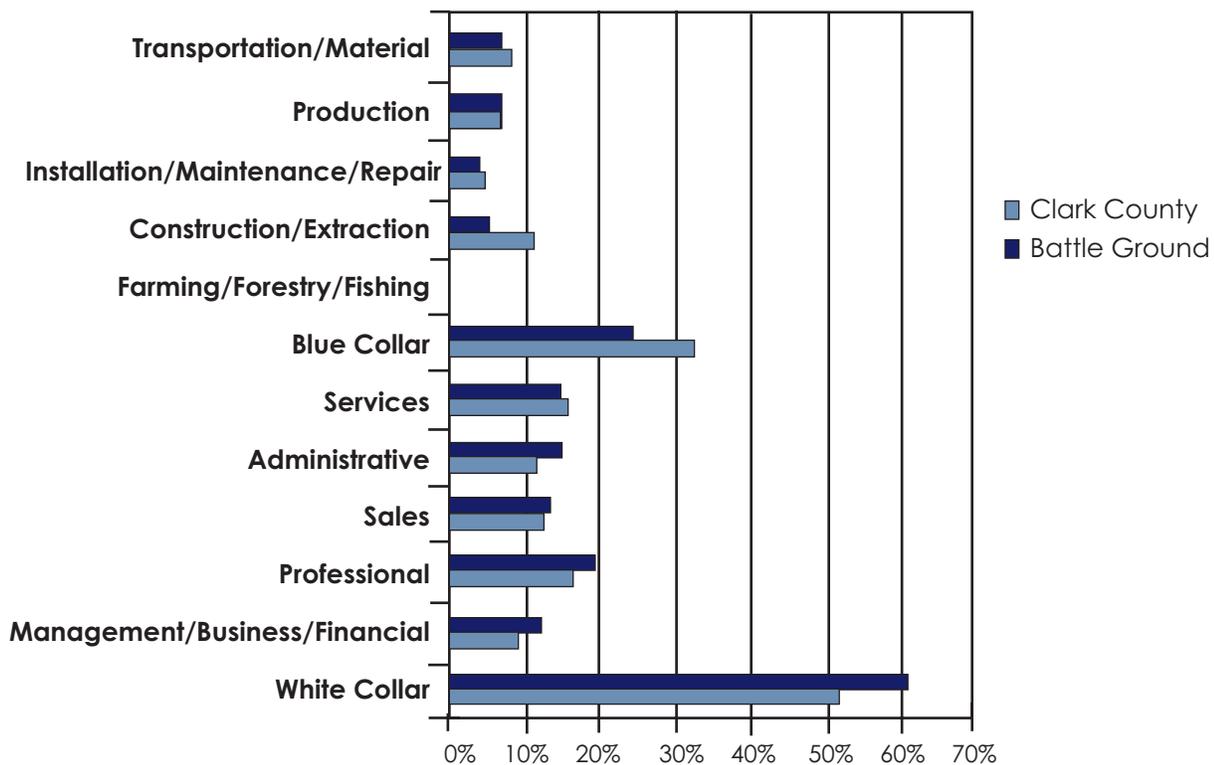
Most businesses in Clark County and Battle Ground currently would be considered small businesses, which are defined by the Small Business Administration as a firm with receipts of less than \$10 million annually. According to the Bureau of Labor Statistics, the average business in Clark County had around 11 employees in 2003. Since the larger employers have more than 800 employees, it becomes clear that the majority of small businesses have fewer than the average number of employees. The implication for Battle Ground is that the provision of space for small business is more likely to result in successful economic development

than attempts to capture large corporate users. A typical small business with the average number of employees would need between 3,500 and 7,000 square feet of building space. The Urban Land Institute reported that the typical growing firm required a flexible floor plate no larger than 10,000 square feet.

### 7.4.4 Employment Clusters

Another factor to consider when allocating space for employment are the types of firms that are likely to form clusters in Clark County. Clark County has several employment clusters, meaning industries that have a higher share of employment per capita than the national average. The largest employment cluster is construction. Manufacturing clusters include industries such as paper and wood products,

**Figure 7-4: Battle Ground Labor Force Composition (2003)**



Source: ESRI BIS

industrial machinery manufacturing, and electronic component manufacturing. In services, the largest employment cluster is in health care, followed by other miscellaneous services. In planning for future employment, many of the industrial employment clusters can be for businesses needing flexible, multi-purpose spaces. Professional services include engineers and scientific users, who can also utilize flexible space.

An examination of Clark County’s employment clusters shows that there are many industries that are not dependent upon either a freeway or a “downtown” location. In planning for employment space, the clusters identified can be used as a starting point in developing the City’s short-range economic development strategy and zoning code.

## 7.5 Analysis and Projections

### 7.5.1 Population and Employment

The trends in household income and age have implications for housing and employment space needs. While income change may indicate the need for upper income housing in the area, Battle Ground itself will also need inexpensive housing for young families. Many of the households moving to the unincorporated Battle Ground Urban Growth Area in the 45 to 64 age group will have equity as well as income with which to purchase housing and will be able to afford larger lots with larger houses. If development occurs based on current market demands without considering the long term impacts, the residential land supply could be depleted before achieving the *Plan’s* housing and economic development goals.

Recent trends in household income and age may also have implications for the provision of employment space. Executives making company location decisions often choose areas near their residences. This is especially true when the

locale has a high proportion of amenities that cater to employees and owners. Locales where high-income executives or business owners choose to locate potentially stimulate the development of employment space. Since Battle Ground is gaining both high-income households and retail and services development, increased employment may follow.

Table 7-5 presents an analysis of the anticipated demand for retail, office, and industrial space in the year 2023 based on population, income levels, spending patterns, current occupational patterns of employment and employment projections. This analysis takes into account all residents who visit Battle Ground for shopping, including residents living both within Battle Ground and the broader Battle Ground Trade Area. It should be noted that land requirements are expressed as a range in this analysis. The basic land need for new retail, office, and industrial space is expressed in gross square footage which could be developed using a variety of different densities and floor-area-ratios requiring different site acreages.

## 7.6 Findings

### 7.6.1 Increase Retail Capture Rate

Battle Ground has the capacity to increase its market capture rate within the broader Battle Ground Trade Area because of its location, transportation infrastructure, and growing prominence as a retail center. Battle Ground should continually work to increase its retail market capture rate by identifying and targeting businesses that help establish the city as a unique center of commerce within central Clark County. As a center Battle Ground is able to stimulate economic development that creates a unique retail experience not found elsewhere in Clark County, and could provide a special draw for consumers. For example, specialty

**Table 7-5: Employment and Population Projections**

<b>Retail</b>		
2003 Trade Area Population	49,860	
2023 TAZ Growth Projection for Battle Ground UGA	20,216	
2023 Population Projection for Trade Area	62,237	*
Current Per Capita Income	\$22,654	
Projected Aggregate Income	\$1,409,908,075	
Retail Spending	\$408,873,342	**
Total Sales / Trade Area Spending	34%	***
Gross Retail Sales	\$139,016,936	
Supportable Retail Space	\$631,895	Square Feet
<b>Required Retail Land</b>		
at Floor Area Ratio (FAR) of 0.3	46	Acres
at FAR of 5.0	27	Acres
Existing Retail Uses	60	Acres
Land Needed for New Retail Uses	-33 to -14	Acres
<b>Office</b>		
2023 Employment Projection	14,493	*
Office Employment	2,990	
Office Space Needed (350 sq. ft. / employee)	1,046,500	Square Feet
<b>Required Office Land</b>		
at FAR of 0.4	60	Acres
at FAR of 1.0	24	Acres
Existing Office Uses	10	Acres
Land Needed for New Office Uses	14 to 50	Acres
<b>Industrial</b>		
2023 Industrial Employment (Flex Space)	1,495	
Industrial Space Needed (600 sq. ft. / employee)	897,000	Square Feet
<b>Required Industrial Land</b>		
at FAR of 0.25	82	Acres
at FAR of 0.45	46	Acres
Existing Manufacturing/Warehouse Uses	34	Acres
Land Needed for New Manufacturing/Warehouse Uses	38 to 12	Acres

Sources: \*Parametrix, Clark County

\*\*ESRI BIS

\*\*\*Washington Department of Revenue

Note: This estimate will be updated after final population projections for the trade area are received from RTC.

stores could be developed in Old Town taking advantage of its main street ambiance.

### 7.6.2 Designate Sufficient Land

The strength of Battle Ground's economy will partly depend on whether adequate land is available. Land is needed for businesses to expand operations and develop new facilities. Projecting the demand for employment generating land uses is hampered by many uncertain variables. For this reason it was presented as a range in this Element. In reviewing the current availability of vacant land in the Urban Growth Area, it was found that the amount of land designated for commercial uses, including retail and commercial development, exceeds the highest projected level of market demand. The availability of land designated for industrial uses is anticipated to meet higher projected demand levels. Furthermore, vacant land designated as Mixed Use Employment and Mixed Use Residential will offer flexibility to develop employment generating uses as appropriate. The City should continually monitor demand for industrial and commercial development to ensure that zone and *Plan* designations take advantage of current and future economic development opportunities while not precluding other essential uses.

### 7.6.3 Assemble Land for New Businesses in Targeted Industries

The City of Battle Ground is uniquely capable of assembling land to accommodate economic development in a cost effective and expedient manner. There are industries for which large contiguous parcels are as important as inexpensive access to public infrastructure. Battle Ground can help to stimulate community economic development through land assembly. This is a legitimate public purpose and essential to the public

welfare. The Washington State Community Renewal Act (RCW 35.81) establishes a mechanism for Battle Ground to assemble land and make other public improvements by issuing bonds that are backed by property and excise taxes, which would later be collected from properties in the community renewal area over a fixed-duration period. Battle Ground should explore whether there are strategic opportunities for utilizing this mechanism to stimulate community economic development.



A "Home-Grown" Business

### 7.6.4 Home-grown Businesses

Most businesses in the United States are small businesses. Municipalities search for major industrial facilities and compete with metropolitan areas with greater resources to provide incentives. However, most actual economic development is in small enterprises. Battle Ground lacks the resources to compete for major facilities in an incentive bidding war, but does have attributes that are attractive to small business such as its existing retail and services, housing market and quality of life. Rather than pursuing big new developments, the City should build on economic clusters and develop a program to attract new and fast growing small businesses. This would help existing businesses expand. The advantages are numerous. Small businesses value a supportive city environment and hire locally, while

many large employers bring in existing employees from outside the area. Small local businesses support the local economy. Their wages and profits tend to be circulated locally, producing a local multiplier effect for retail and services. Moreover, as global markets shift, incentives given up front can fail to retain employers that have already capitalized the incentives into their product cost and still find themselves unable to compete on labor cost.

### 7.6.5 Resource Assistance

A program that has been successful and has garnered national praise for its innovation is the economic development strategy pioneered in Littleton, Colorado. Littleton does not offer subsidies or other incentives to business and does not market to large-scale outside firms. Instead they offer resource assistance with information about business trends including GIS mapping of markets, market lists, industry trends, regulatory information and assistance, product strategies, information on competitors, and even business plans for start-up firms. Battle Ground can implement this basic strategy to help create and nurture fast-growing local small businesses.

### 7.6.6 Reduce Fees and Exactions for Old Town Development

Old Town contains existing building stock that could be used by small businesses looking for a main street ambiance. However, the cost of upgrading commercial and retail space in this area might be higher than creating new space in other areas and may discourage development. The City of Battle Ground should work to make Old Town more competitive and attractive for investment by reducing the exactions and fees for businesses locating in this area. By reducing the overall cost structure for investment in Old Town, the City will stimulate revitalization of the area's retail, commercial, historic and civic assets.



Old Town Businesses

### 7.6.7 Explore Wetland Banking

Much of Battle Ground's vacant and underutilized land is partially or totally covered by wetlands, which at times conflicts with the need for economic development. Additionally, isolated wetland mitigation projects created for individual development do not always provide the functions and values of larger wetlands areas because the critical hydrological processes needed to support wetlands are disrupted. Battle Ground should explore establishing a wetland mitigation bank to resolve this issue. Such a bank would make more land available for economic development and would result in a superior wetland mitigation program.

### 7.6.8 Examining Firm Growth in Clusters

Because it has access to confidential employment data, the City can examine which local firms are growing and begin by working to attract those firms as Battle Ground develops. The City should specifically look at small firms that have employment rolls growing at a rate greater than 5 percent annually. Data on economic clusters show where employment is concentrated. Coupled with information on firm growth, the City can produce a list of desirable firms and actively encourage those employers through a program that emphasizes

the advantages of working with the City as a cooperative resource.

### 7.6.9 Using Market Position and Demographics

Battle Ground has an unusual market position, as it is becoming a residential haven for those in income brackets likely to have a voice in company location decisions. The City should acquaint this population with the advantages it can offer business. Because the City does not have prime sites for distribution, it needs to market to a mix of other strong clusters within Clark County, among them information services, electronics manufacturing, business services and repair services.

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