

Economic Development Appendix

City Profile

The City of Bremerton is at the geographic center of the Puget Sound Region, located on the Kitsap Peninsula, only 11 miles across the water from Seattle and just 33 miles northwest of Tacoma off State Highway 16. The Washington State Ferry system conveniently links downtown Bremerton to downtown Seattle, providing unobstructed automobile access, a unique feature, in comparison to other satellite cities around Seattle. State highways tie Bremerton and Port of Bremerton facilities (including the Bremerton National Airport), to Tacoma on the south, and to the Hood Canal Bridge on the north, Puget Sound's link to the Olympic Peninsula. Residents, visitors, and Bremerton-based businesses benefit from this unparalleled regional access as well as the City's favorable size for City operations and management. In fact, Bremerton is the largest incorporated City in the West Sound, with a population of approximately 37,000 - more than the combined markets of Gig Harbor and Silverdale, and more than the combined population of the other incorporated cities in Kitsap County.

The City has grown in geography over the years, but annexation has become a more complicated process and has generally not kept pace with urban development pressures. Thus, the development and population growth in the unincorporated areas around Bremerton has far exceeded the growth of Bremerton and other cities in Kitsap County. There are many opportunities in Bremerton for "infill" development on small vacant or underdeveloped lots, but most new growth has been occurring in subdivisions and on larger tracts of land available at the urban fringes of the County's Urban Growth Areas. Several significant annexations over the years include federal housing projects of "East Park" during World War II and "Jackson Park" on Ostrich Bay in early 1960s. More recently, there was the annexation of the Anderson Creek area, located on the south side of Sinclair Inlet, as well as the "Port Blakely" property, located to the west of the state highway. Both of these undeveloped large tracks of land are slated for mixed use development to be focused around large industrial park campuses. A number of unincorporated communities remain just outside the City limits today. Enetai, Tracyton, Rocky Point, Erlands Point, Navy Yard City, and Gorst, for example, are considered part of the Greater Bremerton area and will likely grow in their urban qualities and reliance on the City of Bremerton for various types of urban services.

The City of Bremerton is 14,800 acres, or approximately 23 square miles.

The Puget Sound Naval Shipyard has long been the City's principal economic base despite its federal exemption from paying local taxes and property assessments. Shipyard activities strongly affect the City's population demographics and land use development. Commercial activities are often strategically located near PSNS access

points, including automobile orientated business on the edges of Charleston, near the shipyard's main gate on Naval Avenue. Residential patterns have been affected by federal efforts to provide housing for shipyard workers and Navy personnel, particularly during wartime. In fact, the greatest growth period in Bremerton occurred during World War II, when the PSNS workforce reached 30,000 and the population of Bremerton grew to an all-time high of 72,500, severely stressing the available housing stock. Following the war, the population fell rapidly to less than 28,000 by 1950, leaving a legacy of underutilized units, and a large volume of small wartime housing units. One such area, formally known as "East Park", recently received several bids from the private sector for development of a master planned residential community. Recognizing the market for new housing in Bremerton and spurred on by new investments, including the Bremerton Ice Arena adjacent to the City pool and the YMCA Gym in that vicinity, this new project alone will provide for at least 300 new units overlooking Puget Sound with a view of the Olympic Mountains and, less than one mile away, downtown Bremerton. Downtown Bremerton is currently the scene of the most development activity, including public investments into a modern Government Center, and along its waterfront, a new hotel/conference center and market-rate condominiums.

Since its inception, the City of Bremerton has functioned as the principal City of the West Sound, a legacy continuing today as the only recognized "Urban Center" in Kitsap County by the Puget Sound Regional Council. The densities of people per acre, the highly developed infrastructure, the employee base of PSNS, and significant public investments, including the recently renovated state ferry terminal, have proven to outlast the area's cycles of growth and development shifts. Although the Navy remains the dominant stabilizing economic force in the area, its impact is ever-changing and now divided among facilities in Bremerton (PSNS), Keyport, Bangor, and other dispersed facilities. Additionally, the installation of Highway 3 traversing the County, gave regional importance to the Silverdale area which grew from a primarily agricultural area in the 1970's to the new commercial hub for the County. As seen around the country, retail businesses and services left established downtowns for new, auto-oriented shopping centers, including department stores that left downtown Bremerton in the 1980's to become anchors at Silverdale's "Kitsap Mall". The lure of fast food, abundant on-site parking, and drive-up convenience has helped make this a predominant land use pattern but has also lead to new appreciation of alternatives and more traditional, mixed use development. Downtown Bremerton, with its central location, sophisticated infrastructure, ferry access to downtown Seattle and Port Orchard, and proximity to PSNS, is well poised for this kind of development.

In the early moments of the 21st century, the City of Bremerton is reemerging as a commercial, residential, and cultural center in the region. Downtown is the first of the City's newly designated centers, with its own adopted sub-area plan to assure a quality setting for new investments. Each of the centers proposed in the Land Use Chapter, will undergo similar processes in terms of forming private-public partnerships to bring new activity to strategic locations throughout the City. This focused economic activity, with the subsequent protection of quality residential neighborhoods, will lead to new vibrancy and economic well-being City-wide.

Inventory of the Local and Regional Economy

Economic Assessment, City of Bremerton and Region

Table EC-1 (below) illustrates the City of Bremerton's population as a stable segment of the County's total population. While not showing growth in the City, the numbers highlight regional economic stability and growth, with the surrounding county's population more than doubling since 1970. The State Office of Financial Management details local growth trends, showing net migration – as opposed to natural increase – as the largest source of new residents between 1990 and 1999. In fact, Kitsap County's population has outpaced the growth in the surrounding region and is now ranked as the sixth largest of Washington's 39 counties. A more relevant factor for the business community, however, is that Kitsap County's average population density of 586 people per square mile, makes it the second most densely populated county in the state. Bremerton, as the designated Urban Center of the County, offers a population density of nearly 4000 people per square mile, making it the largest concentration of people located within a densely-populated county and a growing region. The number of employees per square mile is most dense in Bremerton, according to estimates by the Puget Sound Regional Council of over 50 jobs per square acre. Clearly, Bremerton's strong labor force and population density offer unique economic opportunities within a growing county and region.

Population pressure throughout the Puget Sound region has brought more and more people into the labor force. Remarkably, employment growth has outpaced population growth in Kitsap County and Bremerton, suggesting that the new volumes of people are finding jobs while at the same time providing a market for the significant growth in trade industries. Between 1990 and 2000, for example, the county's population grew by 22% while the number of employed people in non-farm industries grew by 27% (U.S. Census 2000.) The number of jobs identified by Census 2000 in Bremerton of 13,463 is an increase of 576, despite the slight decrease in population. The growth in number of local jobs outpacing population growth is also accounted for in changes in demographics, with a higher percentage of the population today being active in the workforce.

Table EC-1 Bremerton's Historical Population Growth: 1940-2003			
Year	Population	Population Change	Percent of County
Population Reports, U.S. Census (as reported on April 1 st of every 10 th year), 1940 – 2000			
1940	15,134	-	34.1%
1950	27,678	+12,544	36.6%
1960	26,681	-997	31.7%
1970	35,307	+8,626	34.7%
1980	36,208	+901	24.6%
1990	38,142	+1,934	20.1%
2000	37,259	-883	16%
Population Estimates, Washington State Office of Financial Management (as reported April 1 st of each year)			
2001	37,260	+1	16%
2002	37,530	+270	16%
2003	38,604	+1,074	
Sources: Washington State Office of Financial Management & U.S. Census of Population and Housing			

The census in 1990 showed an unemployment rate in Bremerton of 7%. For April 1, 2000, unemployment was reported by the Census at just 5%. Unemployment rates, however, regularly fluctuate in Bremerton, strongly tied to a highly transient population and to seasonal events (construction periods or increased shipyard work), more so than the surrounding county and national economic factors, such as inflation which bring higher costs for potential employers. During the calendar year of 2001-2002, unemployment in the City of Bremerton averaged 9.5% with a workforce of 15,740, (14,240 persons employed, 1,500 persons unemployed). For this same time period, unemployment county-wide averaged 6.1% of the approximately 93,000 county-wide workforce. The County's larger population diminishes the effect of seasonal and cyclical events but it also appears to be a less transient population, stabilized in part through a majority homeownership rate, compared to Bremerton's report of only 37% homeowners (see Housing Element for more detail.) On the positive side of the equation, however, numbers from the State Employment Security Department show a low percentage of jobs in the Bremerton area that are tied to industries which are in long-term decline, reducing abrupt or wide swings in employment. The industrial mix, trained workforce, large government presence, and Bremerton's demonstrated capacity for the influx of new people, is conducive to overall employment stability.

The military sector of the regional economy has had the largest economic impact on Kitsap County – specifically, the U.S. Navy. Naval facilities in the area include the Puget Sound Naval Shipyard (PSNS) in Bremerton, Naval Submarine Base (Bangor), and the Naval Undersea Warfare Engineering Station (Keyport). The arrival of the PSNS in 1891 to the West Sound brought uniqueness and stability to the local economy that had begun to slump in the 1890’s with a downturn of the once dominant logging and lumber industries of Kitsap County. These industries all but disappeared by the 1950’s before making a slight comeback in the 1970’s with efforts by multi-faceted business interests such as the Port Blakely company, now involved in logging, financial investments, and land development. In fact, while the City has no natural resource extraction lands or activity any longer, the Port Blakely Company has a land holding within the City of Bremerton which has advanced since the previous Comprehensive Plan was written in 1995. The Port Blakely property has gone through a sub-area planning and population allocation process to accommodate a mix of uses based around an industrial campus setting supported by housing for nearly 1,000 new residents, just west of Kitsap Lake. In this Comprehensive Plan, the master plan for “Port Blakely” sets an example for the proposed Employment Centers. The other Employment Centers are Harrison, National, West Hills, and the Northwest Corporate Employment Centers. (See Land Use Chapter for more information.)

Much of the private employment is actually related to military activities. The Naval Hospital and the Naval Supply Center Puget Sound in Bremerton are examples of defense-related employers that accompany the dominant military sector of the economy. In fact, the United States Department of Defense actually employs more civilians in Kitsap County, than it does uniformed personnel. There are approximately 10,500 military personnel stationed throughout Kitsap County and nearly 13,000 civilians in its various military installations, the majority represented by the nearly 8,000 civilians working at the PSNS in downtown Bremerton. The defense-related economy in Kitsap County remains stable, in part due to contractors that also compete for work within the larger Puget Sound region for other Federal projects or private industries such as Boeing Industries in the Seattle area.

Most recently, there has been growth in the number of people who live locally but work in the Seattle area, capitalizing on the state ferry system connecting Bremerton (and Winslow on Bainbridge Island) to downtown Seattle. With Bremerton’s less diversified job market, yet lower cost of living, the “bedroom community” phenomenon is recognizable, whereby residents and employers do business elsewhere and are not full members of the local economy. This dynamic is expected to intensify as West Sound residents anticipate increased capacity of the Tacoma Narrows Bridge to commute to workplaces in the greater Tacoma area.

Employment Trends as a Focus on Growth Industries

EC-2 Bremerton-Kitsap County Primary Metropolitan Service Area Non-Agricultural Employment Levels December 2000		
Industry (Sector)	Full Time Equivalent Positions	Percentage of Total
Government (Federal, State, Local, including education professionals)	26,300	35%
Services	19,700	26%
Goods (Wholesale/Retail)	16,800	23%
Construction/Mining	4,800	7%
Finance, Insurance, Real Estate	2,600	3%
Manufacturing	2,300	3%
Transportation and Private Utilities	1,900	3%
TOTAL	74,400	100%
Source: Washington State Employment Security Labor Market & Economic Analysis Branch		

Government

Despite the predominance and stability of the public sector in Kitsap County's economy, government's economic contribution is not growing as fast as private sector jobs and trade. Except for manufacturing, government has had the least employment growth of any sector amid a ballooning economy. Since 1970, the amount of public employment increased by 143 percent; however, private services expanded much faster during this time period, by 249 percent, alongside population growth of approximately 130 percent.

As demonstrated by Kitsap County's distinction of having the second highest percentage of government jobs among counties in Washington at 35% in December 2000 (second to Thurston County), government positions and work still form the base of the economy. These positions include educational professionals, of the various school districts as well as Olympic College. Olympic College is especially related to the local workforce due to its partnerships with local employers, including PSNS for continuing education and retraining opportunities. The College now offers 4-year degrees from several satellite colleges: Washington State University, Western Washington, and Old Dominion. Each semester, the college has over 4,000 Full-Time Equivalent students and maintains a general enrollment over 11,000.

The government sector in Kitsap County is clearly at the forefront to influence the future economy. Government wages obviously have a tremendous influence on the trade

sector as payrolls funnel directly to retail activities throughout the County. The public sector will remain the economic base of Kitsap County through its employment share, more and more of which is through private contracts. This dynamic coincides with a steady decline of local military personnel over the past 20 years, despite increases in activities and output at local naval facilities. Business models are expected to increase in the public sector that stresses efficient, adaptive, and lean workforces that increase productivity through technological advances.

Trade (Goods and Services)

Growth within the trade sector in Kitsap County has far outstripped statewide growth since 1970 – a 335 percent local increase compared to the State’s 165 percent. Since the year 2000, however, there has been a period of no growth, demonstrating the volatility of this sector – as it is strongly tied to the health of the economy and to population shifts, including naval deployments and waning shipyard employment. Business in Bremerton’s “Goods and Services” sector must have flexibility, a condition which favors larger operations with greater capacity to weather unpredictable economic cycles. This sector is clearly dependent on consumers, with eating and drinking establishments, for example, representing the largest number of Trade workers at 34%, or 4861 jobs. The food stores, general merchandise stores, and auto dealers and service station sectors all employ about 2000 persons each, and play the most significant role in collection of local sales taxes, contributing to the City’s annual operating budget. As partners in securing private investments, securities, and bonds, the service industries of commercial banking, insurance agents and real estate industries are critical to the redevelopment programs outlined within this planning horizon.

At the national, state and local levels, the private-sector economy is increasingly dominated by transactions within professional services that range from financial to hospitality services. While this is true in Kitsap County, the growth rate for industries in Goods (retail) increased the most - by 407%, between 1970 and 1999. This remarkable growth yielded an increase of about 1,300 jobs for a current total of approximately 5,280 retail positions county-wide. The growth rate in Services during this time period seems small in comparison at 239%; however, it represents a growth of nearly 16,000 jobs, yielding a total of nearly 38,000 Service jobs. This local phenomenon of greater increases in retail employment came with expanding retail opportunities in Silverdale, facing a population influx and limited regional retail centers. This type of retail growth, so heavily saturated in the past economic cycle, will likely weaken in the next cycle, as consumers face new lifestyle choices, from shopping on-line to taking advantage of mixed land uses, where retail and service opportunities are close to home and work, and not segregated by separate land uses. Bremerton’s land use plans recognize mixed-use development in its strategies to bring new vitality to its urban neighborhoods. Attracting new services to the area is important for Bremerton’s economic growth, especially relevant for downtown Bremerton with its large number of employees at PSNS and its urban setting linked to downtown Seattle. Finally, Bremerton’s lack of recent significant retail investments presents an untapped market potential for

operations that can manage fluctuation and don't typically cater to regional highway traffic, as do suburban big box stores and shopping malls.

Manufacturing

The role of manufacturing in the Bremerton economy is now mostly contained in the public sector, specifically to the Puget Sound Naval Shipyard (PSNS). Printing and publishing, clothing and textile production, and tool and instrument manufacturing, however, remain strategic aspects of the local economy. More so than other sectors, manufacturing generates primary dollars, defined as money brought to the area from outside the community. This influx has a multiplying factor, spurring on growth in local goods and services, as well as public investments through taxes. This sector is strongly affected by macro-economics (cost of materials and labor standards) as well as national recessions and trends, making it the most difficult to influence at the municipal level.

Coinciding with a loss of retail activity in Bremerton, this sector generally went into a major slump in 1982. In the late 1980's and early 1990's, surviving manufacturers emerged with greater strength, encompassing technological advances in the re-tooling and mobilizing of their operations. Stressing efficiency, firms such as Boeing, came into a lead position to "shop around" for communities in which to invest. Government and long range planning must now ensure unique manufacturing opportunities, trained and educated workforce, equitable tax systems, and attractive settings. Supportive, coordinated environments with advanced utility planning and incentives for this sector are critical, especially in facing intense competition in attracting light industrial and high-tech firms.

Agriculture, Forestry and Fishing

Kitsap County's agricultural employment is mostly (70%) in the area of veterinarian and lawn/garden services. This is obviously more prominent in Bremerton where there is no registered agricultural production. However, the City's urban setting and services do not preclude it from working with the agricultural sector of the larger community, supporting urban gardens and farmers market, produce distribution and warehouse centers, agricultural education, and transportation needs. More broadly, urban growth in cities helps to safeguard farmable lands from sprawl development, which often promises short-term economic growth, with long-term societal costs, including loss of local, even national, food sources and environmental lands. While there are no easily farmable lands within the City, the City's designated watershed and utility-owned lands play a supportive role to fish habitat, groundwater supply, urban forestry, and a cleaner, healthier environment in the region. Likewise, the City provides leadership in this sector with environmental efforts to protect the critical lands, separate sewer and storm water collection, and research uses of effluent from wastewater systems. New industries

and services are growing along side such research, especially in the field of bio-engineering, including food manufacturing.

Construction

The construction sector has three main subdivisions to analyze in planning for economic development: general building, heavy construction, and special trades. The largest industry within this sector is special trades: the carpenters, plumbers, electricians, etc., who make up 60% of Bremerton's construction employment (approximately 2140 jobs). The special trades sector is particularly dominant in Bremerton due to shipyard laborers. The federally-educated, trained, and experienced workforce of PSNS is a unique and "renewable" attribute of the local economy, one that can be marketed to manufacturing firms. The next largest segment is general builders who make up 31% of the construction sector, though this percentage fluctuates with economic cycles and building season. This sector is mostly engaged in building new homes and readily expands and contracts with local development levels. It is particularly well-suited for areas with continuous growth potential, where construction is a growth industry. Heavy construction work, on the other hand, includes highways and streets, bridges and tunnels, and water, sewer and utility lines. These jobs account for 6 percent of all construction employment, normally associated with government contracts. In an economic development plan, this segment of the economy is often critical at the onset of projects, to provide infrastructure and public investments that attract and leverage private operations. The construction sector has great potential and importance in the City's efforts to position itself for redevelopment, especially for the long term development of centers throughout the City.

Transportation and Utilities

This sector often correlates with well-developed infrastructure. In Bremerton, the presence of numerous public entities with intense infrastructure needs and capacities, especially the U.S. Navy, augments the role of this sector. In fact, County-wide, the sector had a 210% increase between 1970 and 1999, compared to statewide growth of 157%. Such growth in this sector, however, is often unsustainable and associated with one-time expansions, such as the creation of Banger Base in the 1970's. Total employment in transportation and public utilities was most recently reported at just 2,000 jobs, less than 3 percent of the total county employment. The largest percentages of these jobs/wages were accounted for in trucking and warehousing, mostly located in the Auto Center Way vicinity. Bremerton's location and role as a transportation hub helps solidify its role as a business and tourism gateway to the Olympic and Kitsap Peninsulas.

Communication industries in Kitsap County, including telecommunications companies, are the next largest segment of this sector at 26%, with clear potential for growth, especially with the completion of the advanced digital trunk lines throughout the

County. Communications is followed by sanitary, gas, and electric services. Finally, the smallest employment percentage of this sector is associated with local and regional transit, at 12 percent. This segment of the economy is often small but with significant impact, far beyond the necessary transit services and livable wages for employees.