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INTRODUCTION

Background

The Chewelah Municipal Airport (Airport), previously known as the Sand Canyon Airport, is a general aviation airport in northeastern Washington, owned and operated by the City of Chewelah (City). The Airport is located on approximately 91 Acres within City limits and includes a 3,446-foot-long runway, a parallel taxiway, aircraft parking apron, pilots lounge, seven (7) aircraft hangars, and one residential structure. The Airport is surrounded by residential developments to the north, south and west; and Sand Canyon Road to the east. The Chewelah Golf and Country Club is located immediately west of the Airport within the residential neighborhood.

The Airport was purchased by the City in 2018 from the Department of Natural Resources (DNR) following the City’s long-term lease of the Airport from DNR. The primary driving force behind the City’s desire to purchase the facility was to provide the City the ability to invest in the Airport’s continued development and growth as an asset and benefit to the City of Chewelah. As part of this growth and development, the City is planning to develop approximately 40-acres of the Airport’s property for commercial, light industrial and residential development. This land is located on the east side of the runway along Sand Canyon Road and is not identified for aeronautical use by the Airport Master Plan. Conceptual development of the site is anticipated to include a 25.6-acre business park for commercial and light industrial use with the remaining 14.7-acres allocated for residential development. The following report summarizes the feasibility study completed for the 25.6-acre business park. For purposes of this study, the property will be referred to as the “Sand Canyon Business Park”. Figure 1 shows the location of the site in relation to the City of Chewelah.

Figure 1: Vicinity Map
Existing Property Description

The Sand Canyon Development property is located adjacent to the east boundary of the Airport. Portions of the east Airport boundary provide frontage to Sand Canyon Road (County Highway 2998) with other sections fronting an adjacent parcel consisting of undeveloped treed acreage. Figure 2 identifies the site boundaries.

Figure 2: Site Location Map

This site is currently undeveloped densely wooded area, and the property is currently vacant.

The property is relatively flat becoming hilly with a mix of moderate to steep grades towards the south end. Access to the site from Sand Canyon Road is currently provided via an existing easement through the adjacent parcel east of the Airport.
Introduction

Study Goals

The City of Chewelah identified three key goals for this analysis, namely:

- Identify feasible commercial and light industrial uses for the Sand Canyon Business Park.
- Delineate infrastructure improvements necessary to serve recommended potential uses.
- Prepare a marketing strategy to attract targeted users to the subject site.

In order to achieve these primary study goals, several corresponding study work elements have been prepared for the subject property as follows:

- Economic feasibility analysis and marketing strategy
- A conceptual site plan
- Site infrastructure analysis

This study’s overall focus is on determining the market and physical feasibility of developing the Sand Canyon Business Park. Doing so would achieve several City objectives including the creation of new jobs, increasing the local property tax base, and achieving positive cash flow from leasing of the property to an industrial or commercial business.
ECONOMIC FEASIBILITY ANALYSIS

Overview

The goal of this portion of the study is to analyze economically feasible commercial and light industrial uses for the 25-acre Sand Canyon Business Park. This analysis is comprised of a market feasibility study and a recommended marketing strategy. This economic feasibility portion of the study conforms to the minimum threshold criteria established by the Washington State Community and Economic Revitalization Board (CERB) for potential grant funding opportunities.

The results of this analysis were then used to prepare detailed evaluations of the physical attributes and corresponding development requirements of the site and to prepare a conceptual site plan to meet the market needs. Based on both market and physical development determinations and recommendations, a marketing strategy was then prescribed for the site. The following summary was taken directly from the Market Feasibility Study (The Metts Group, February 2020). The complete copy of the report is found in Appendix A.

Summary

The proposed site is located in a unique location that will take time to develop out completely. Therefore, an established marketing plan and material will be essential. Chewelah is ripe to expand upon the value-add of the aerospace, airport services, boat building and wood products industries and their supply chains due to its proximity to the Airport and Spokane. The development of the site would also support local economic diversification efforts. The growth potential in the region’s supply chain make this site a prime location for industries in these sectors.

Multipliers make any project look profitable as the numbers accentuate even the smallest of growth. Without looking at the indirect and induced job creation, however, you cannot see the big picture and the impact realized. The concept is real and is more palatable when you can compare it to similar areas or projects. Conservative approaches were used throughout the analysis. It is recommended that the City track the metrics set forth, and required by CERB, to determine if the desired outcomes are achieved and to help guide future development projects.

Nearly 970 jobs are estimated to be directly created at full build out of the subject site and another 47 jobs created in other industries, for a total of roughly 1,012 jobs. The median wage for jobs in the proposed commercial industries (supporting the aerospace, boat building and wood products industry), as listed, is $36.50 per hour, roughly 82% higher than the CERB median hourly wage of $20.08 for Stevens County. Proposed industrial uses earn, on average, of $26.00 per hour, 29% over the CERB median wage. The proposed businesses and uses are estimated to generate earnings that will be circulated throughout the economy significantly benefitting and contributing to the overall economic health of the community.
Additionally, the potential for Chewelah’s labor force and, ultimately, to grow the county by 5.4% would boast well for the region. Commercial growth will lead to job creation which will create more households and an increase of flow of earnings to circulate around the community but, ultimately, increasing tax revenues and the overall tax base—bettering the community as a whole.
CONCEPTUAL SITE PLAN

The Market Feasibility Study (Appendix A), proposed a mix of 1.0 – 2.0 Acre parcels for the development based on research of the demand-based users, and targeted industries for the development. The proposed site also includes three (3), 1.5-acre sites for use by light industrial operators. These recommendations were taken into consideration when developing the conceptual site plan shown in Figure 3. The proposed site includes eleven (11) approximately 1-acre commercial lot, four (4) 2-acre commercial lots and three (3) 1.5-acre light industrial lots.

Based on the conceptual layout, an infrastructure analysis was prepared to investigate the utility extension necessary for development, Engineer’s Opinions of Probable Cost, and discussions of foreseeable problems of development. This is a preliminary review and the calculations are not intended for purposes of design. The findings listed are based on current City and State standards but future changes to those standards, design considerations, and site conditions could affect the information and conclusions provided in this study.
FIGURE 3: CONCEPTUAL BUSINESS PARK LAYOUT

- AIRPORT PROPERTY BOUNDARY
- LAND ZONING LINE
- FUTURE PAVEMENT LINE

LEGEND

T-O ENGINEERS
7950 N. MEADOWLARK WAY, STE. A
COEUR d'ALENE, IDAHO 83815
PHONE: (208) 762-3644 WWW.TO-ENGINEERS.COM
E-FILE: Site Plan Exhibit.dwg DATE: 03/02/2020 JOB: 190611

J:\19061113_Acad\dgw\Sheets\Site Plan Exhibit.dwg, 3/4/2020 2:52:20 PM, James Allen, DWG To PDF.pc3

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INFRASTRUCTURE ANALYSIS

The following identifies the feasibility of extending utilities to the proposed Sand Canyon Development. This includes the provision of public utilities such as water, roadway access, electric, gas and telecommunication services. The major expenses for this development shall be the roadway, water and telecommunication services to the area.

Although it is anticipated that the cost of extending telephone, power and gas services is born by potential customers wishing to develop individual lots, the feasibility of extending such services requires some level of investigation to determine the ability to develop the propose area. Therefore, each utility service provider in the area was contacted in order to determine the feasibility of extending any service that may be desirable for the development area. A brief discussion regarding the feasibility of utility extension is provided below.

Transportation System

Existing Roadway Network

The existing roadway network around the study area includes roadways that provide important connections in the regional roadway network. These roadways are discussed below.

Sand Canyon Road (County Highway 2998) is a 2-lane north-south County Highway boarding the eastern and southern property line of the subject property. The speed limit is 35 MPH. The road surface is paved with two 10-foot travel lanes and 2-foot shoulders. This roadway connects to North Park Street (US-395) at the southern portion of Chewelah, Washington. US-395 is a north-south route providing a link from Spokane to Colville.

Proposed Roadway Improvements

The City of Chewelah Public Works Department was contacted regarding access requirements to the site and whether any on-site road improvements would be required. The City identified that the connection to Sand Canyon Road will be required for the internal roadways within the site as shown in Figure 2. In addition, a collector road will be extended from this connection into the site to serve both the Sand Canyon Business Park as well as provide access to the residential portion of the development. No improvements to Sand Canyon Road are anticipated at this time to serve the proposed development.

The following is a summary of the cross-section requirements for the collector road:

- Right of Way width: 60-feet
- Roadway width: 24-feet (12-feet in each direction)
- No curb and gutter, parking or sidewalk

For the purpose of this study we have included cost estimates to construct the internal road. These costs are shown in Figure 3.
Water

Per the City of Chewelah Public Works Department, there is an existing 6-inch water main located along the parallel taxiway of the Airport adjacent to the site. This waterline continues east into the proposed limits of the Sand Canyon Business Park. After discussions with the City, it has been identified that the proposed water system to the site will be required to be looped to provide redundancy and improved flows to the development. As a result, a new 6-inch waterline would need to be installed within the development along the main internal collector going to the south where it would then cross the existing airport runway connecting to another 6-inch water line located at Richmond Lane (See Figure 4). The purpose of this project is to improve the water distribution system through redundancy and to provide the necessary flows for fire protection. The estimated cost to extend and loop the waterline through the site with services is approximately $273,000. This breaks down to approximately $60 per lineal foot for the 4,550 lineal feet of pipe.

Wastewater

From discussions with the City of Chewelah, there are no plans to serve this portion of the City with a municipal wastewater system in the foreseeable future. With that said, the only option to propose for the treatment of sanitary wastewater is for each development to provide its own onsite system(s). This site has been previously approved for development of septic systems through the City. Since the site is greater than 200-feet from the existing city service, and connection to the system is not financially feasible at this time, the Department of Health is anticipated to consider onsite systems for the site.

Several limitations must be considered regarding the use of onsite systems for non-residential developments:

1. Industrial process wastewater is not typically discharged to onsite disposal systems. Therefore, an alternate treatment and disposal system would likely be required for any industrial process wastewater.
2. Non-residential sewage must be pretreated to residential sewage strength or less prior to disposal. Contaminants may be present in sewage from non-residential sources that make pretreatment and onsite disposal infeasible.
3. Large onsite disposal systems require a significant amount of land area for the drainfields. However, the proposed lot sizes should meet minimum lot size requirements for typical domestic sewage systems.
4. Permits and approval for onsite systems would be obtained through the following regulatory agencies:
   a. For flows greater than 100,000 gpd - Washington Department of Ecology
   b. For flows between 3,500 and 100,000 gpd - Washington Department of Health
   c. For flows less than 3,500 gpd – Northeast Tri County Health District.
FIGURE 4: PROPOSED UTILITY IMPROVEMENTS

LEGEND

- **UP** EXISTING UNDERGROUND POWER
- **G** EXISTING GAS LINE
- **F/O** PROPOSED FIBER OPTIC
- **W** EXISTING WATER MAIN
- **W** PROPOSED 6" WATER MAIN
- **OHP** PROPOSED OVERHEAD POWER
- **G** PROPOSED GAS LINE

RESIDENTIAL DEVELOPMENT

CANYON CREST WAY

SAND CANYON RD

NORTH

CANYON CREST WAY

RICHMOND LN

RICHMOND LN

F/O

250 0 250 500

CHEWELAH MUNICIPAL AIRPORT

RICHMOND LN

F/O

7950 N. MEADOWLARK WAY, STE. A
COEUR d'ALENE, IDAHO 83815

PHONE: (208) 762-3644
WWW.TO-ENGINEERS.COM

5-FILE: Site Plan Exhibit.dwg
DATE 03/02/2020
JOB: 190611
Storm Drainage

Currently, there is no storm water management plan for the Sand Canyon Development. All stormwater runoff generated on the site will need to be retained on-site as required by the City. Each proposed parcel must safely collect, route and retain stormwater on their parcel. Stormwater management for the proposed access roads will need to be included in the design and construction of the roadways.

Each parcel will be required to retain all generated stormwater on-site in an approved stormwater retention facility. There will be no off-site downstream discharge of stormwater allowed. Stormwater facilities shall be designed in accordance with the most current edition of the Stormwater Management Manual for Eastern Washington (SWMMEW). Typical retention facilities may include but are not limited to drywells, infiltration trenches, surface swales and/or basins or other approved methods as noted in the SWMMEW. All underground infiltration facilities shall comply with the Underground Injection Control (UIC) requirements as required by the Washington State Department of Ecology. Treatment of stormwater prior to discharge to surface and/or subsurface soils shall be conducted by the developer in accordance with the SWMMEW. Developers will be responsible for conducting an engineering analysis to determine the appropriate size and type of storm drainage retention structures and implement Best Management Practices (BMP’s) according to the SWMMEW. This engineering analysis must be conducted by a registered Professional Engineer in the State of Washington and must be submitted for review and approval by the City Engineer and appropriate regulatory agencies.

On-site stormwater retention facilities shall be designed to retain a 25-year/24-hour storm event. The 25-year/24-hour storm consists of 1.5 inches of rainfall in a 24-hour period. On-site collection and conveyance systems shall be designed to handle the peak runoff flow using a 3-hour/25-year short duration storm event. The engineer of record shall utilize storm hyetographs as described in the SWMMEW to determine the applicable storm distribution.

The cost of storm drainage facilities for each developed parcel shall be incurred during each individual development within the site. Therefore, there are no anticipated costs for storm drainage systems to be incurred by the City of Chewelah.

Other Utilities

Natural Gas/Electricity

Avista currently provides both natural gas and electric service to the area. Avista currently has a 3-phase power available along the western side of Sand Canyon Road. Avista currently has gas service available along Richmond Road and at the Airport Hangars which can be extended to serve this development. There are no anticipated issues with extensions of these services to the development area and no additional infrastructure is anticipated to serve additional industrial uses. At the time of development, Avista should be contacted to review the final site plan and projected facility demands to determine who has the capacity to serve the site. For the purposes of this analysis, it is anticipated that any costs associated with power will be paid by the developer thru a service agreement.
Telecommunications/Broadband

Telecommunication service is currently provided by Charter Communications. An existing high speed fiber line is located along Richmond Lane. Development of the Business Park will include extension of this broadband service to the site. Based on close proximity of the existing service to the site, there are no anticipated issues with providing this service. As development progresses, it will be the responsibility of each developer to install any additional telecommunications services as may be required by the City of Chewelah on a case-by-case basis.

Subdivision Process

The City of Chewelah intends to prepare a Binding Site Plan for the division of commercial and industrial land. This process is an alternative method to the typical platting process and allows some flexibility in platting. Two advantages of this process is that a Binding Site Plan can be reviewed and approved administratively, which can speed up the approval process. In addition, a Binding Site Plan does not have a limitation on the number of lots that can be created, vacated, or altered and therefore provides flexibility to develop the site to accommodate potential developers.

Site Preparation

Little site work is anticipated other than clearing and grubbing since the site has never been developed, therefore it has no major structures to be demolished. The conceptual development includes the construction of a vehicle access roads which will require grading and stormwater facilities to accommodate runoff from the roadway.

The property does slope from the northwest to the southeast so some site grading will be necessary to create buildable areas on each parcel. At the time of final development, each property owner will be responsible for grading the site, providing driveway access, on-site wastewater disposal (if needed), and stormwater retention as discussed earlier in this report, and other site improvements as desired.
Cost Summary

Below is a table summarizing the estimated costs necessary to improve the marketability of the property to business and industrial clients. These cost estimates are Engineer’s Opinions of Probable Costs. Unless specified otherwise, all estimates are in Year 2020 dollars and will require adjustment for inflation as necessary for the actual date of construction. The estimate includes sales tax, contingency, engineering, surveying, and construction inspection costs.

Table 1: Summary of Engineer’s Opinion of Probably Cost

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity</th>
<th>Units</th>
<th>Unit Price</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobilization (5%)</td>
<td>1</td>
<td>LS</td>
<td>$94,751.89</td>
<td>$94,751.89</td>
</tr>
<tr>
<td>Dual Control (2.5%)</td>
<td>1</td>
<td>LS</td>
<td>$32,375.00</td>
<td>$32,375.00</td>
</tr>
<tr>
<td>Construction Staking (2.5%)</td>
<td>1</td>
<td>LS</td>
<td>$32,375.00</td>
<td>$32,375.00</td>
</tr>
<tr>
<td>Erosion Control</td>
<td>1</td>
<td>LS</td>
<td>$4,000.00</td>
<td>$4,000.00</td>
</tr>
<tr>
<td>Excavation and Disposal</td>
<td>6,667</td>
<td>CY</td>
<td>$18.00</td>
<td>$120,000.00</td>
</tr>
<tr>
<td>3&quot; HMA over 6&quot; Base Course</td>
<td>10,000</td>
<td>SY</td>
<td>$27.00</td>
<td>$270,000.00</td>
</tr>
<tr>
<td>12&quot; Subgrade</td>
<td>10,000</td>
<td>SY</td>
<td>$26.25</td>
<td>$262,500.00</td>
</tr>
<tr>
<td>Septic Raising Dry Well</td>
<td>4</td>
<td>EA</td>
<td>$2,100.00</td>
<td>$8,400.00</td>
</tr>
<tr>
<td>3&quot; Topsoil for Swales</td>
<td>7,900</td>
<td>SY</td>
<td>$3.00</td>
<td>$23,700.00</td>
</tr>
<tr>
<td>6&quot; C900 DR-25 PVC Water Pipe</td>
<td>4,804</td>
<td>LF</td>
<td>$45.00</td>
<td>$216,180.00</td>
</tr>
<tr>
<td>6&quot; Water Service Assembly</td>
<td>12</td>
<td>EA</td>
<td>$540.00</td>
<td>$6,480.00</td>
</tr>
<tr>
<td>Fire Hydrant Assembly</td>
<td>10</td>
<td>EA</td>
<td>$5,100.00</td>
<td>$51,000.00</td>
</tr>
<tr>
<td>Streetlight</td>
<td>14</td>
<td>EA</td>
<td>$2,500.00</td>
<td>$35,000.00</td>
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<tr>
<td>Extension of Overhead Power Services</td>
<td>2,955</td>
<td>LF</td>
<td>$30.00</td>
<td>$88,650.00</td>
</tr>
<tr>
<td>Extension of Gas Services</td>
<td>2,917</td>
<td>LF</td>
<td>$30.00</td>
<td>$87,510.00</td>
</tr>
<tr>
<td>Extension of Communication Services</td>
<td>4,053</td>
<td>LF</td>
<td>$30.00</td>
<td>$121,590.00</td>
</tr>
</tbody>
</table>

Construction Subtotal: $1,295,037.89

State Sales Tax (7.6%): $96,422.88

New Subtotal: $1,391,460.77

Construction Contingency (20%): $278,292.15

Design and Permitting (5%): $104,000.00

Construction Administration and Inspection (12%): $156,000.00

Total Estimated Construction Costs: $1,614,683.35

* This opinion of probable construction cost is subject to change. T-O Engineers, Inc. will not assume responsibility for the use of this opinion in budget analyses or for bids. Data is based on subsurface conditions.

Total development costs are estimated to be up to $1,912,468.35. In addition to the initial cost of the land, developers can expect to pay the cost of extending telecommunications, power, and gas into the individual lots as they are developed. Additional lot improvements to be made by the developer are site grading, on-site storm drainage detention and on-site sewage treatment and disposal (if needed).
COST/BENEFIT IMPACT ANALYSIS

The Sand Canyon Business Park will be developed in order to bring value to the region by providing well-paying jobs that will provide an increase to the local tax base. The owner intends to lease the proposed lots shown on the conceptual site plan to private developers. Both the funds generated from the tax revenues and the lease income will be evaluated against the total project costs in order to determine the net total public benefits resulting from the development of this site.

The following assumptions have been made to analyze the potential profit or loss related to the development:

- From research around the area, it appears that similar land uses within the area are leasing between $0.50 to $0.60 per square foot. For this study, we will assume $0.50 per square foot to be conservative even though it could be leased at a higher rate.
- We will assume in this analysis that the City would not require any additional profit above a reasonable market rate of return for the property.
- The difference between cost of the development and market value of the property will be analyzed to determine the net return of the project for the City of Chewelah.
- No interest rate cost analysis for borrowed development funding is assumed.
- Additional grants from other local, State, and potentially Federal agencies will be utilized to develop the site.
- Each potential site will be fully developed and provide the following services: sewer, water, telecommunications, gas and power. No over-sized utilities were assumed for specific uses that require a higher demand. No on-site water or wastewater facilities costs were assumed.

Revenue Sources

The following discusses the potential services at Sand Canyon Business Park such as the projected taxes and the lease of the properties.

Retail Sales and Use Tax

The State, County and City levy a 7.6% tax on all retail sales, excluding off-premises food and drugs. Of this amount, 6.5% goes to the State and 1.1% goes to the County. It has not been identified how the County and City designates how the 1.1% is spent.

Property Lease

The City of Chewelah intends to retain ownership of the proposed lots as shown on the conceptual site plan with the intent to lease the land to prospective developer. The intent is to attract developers by offering long term leases on the proposed lots with the ability to adjust the rates on an annual basis.
Projected Capital Cost

Table 2 summarizes the capital costs associated with the development Sand Canyon Business Park. The costs shown are in current dollars and are rounded to the nearest hundred. Current costs are used under the assumption that both construction costs and projected income would rise at similar rates. The costs also do not include non-City utilities such as power, natural gas, and telecommunications service lines in order to serve individual lots.

Table 2: Sand Canyon Business Park – Capital Costs

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roadway</td>
<td>$740,223</td>
</tr>
<tr>
<td>Storm Drain</td>
<td>$47,380</td>
</tr>
<tr>
<td>Water</td>
<td>$490,002</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>$179,467</td>
</tr>
<tr>
<td>Gas</td>
<td>$129,165</td>
</tr>
<tr>
<td>Power</td>
<td>$128,191</td>
</tr>
<tr>
<td>Misc Construction</td>
<td>$198,041</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>$1,912,468</strong></td>
</tr>
</tbody>
</table>

Recent State Supreme Court decisions and State law have limited developer contributions to those which directly relate to the impact that a specific development will have on a capital facility. The County must show a direct relationship between a specific project and the mitigation measure being imposed. The exception to this is where a development will result in a lack of concurrency in the Level of Service for critical capital facilities. For the purposes of this analysis, it is assumed that there will be no developer contributions required related to the future development of the Sand Canyon Business Park.

Projected Tax Revenues

The following assumptions have been made for the available revenue sources for Sand Canyon Business Park:

- Development of Two Scenarios
  - Scenario 1 looks at the Business Park being 50% developed over the first 5 years
  - Scenario 2 looks at the Business Park being developed over the first 20 years
- Sales Tax on Construction is 1.1%
- Average Structure Value is $125 per square foot
- Lease Value is $0.50 per square feet (increasing 3% every 5 years)
- Minimum Lease Timeframe is 20 years
- Total Land Lease Area is 25.6 acres or 1,115,100 square feet
- Total Building Area is 206,000 square feet (per Appendix A – Market Feasibility Study)
- Total build out of the development is estimated to take place over 20 years.
Tables 3 through 5 take the assumptions provided above and analyze the revenue sources available to the Sand Canyon Business Park. For table 3, the total buildout for proposed buildings based on the lots shown in the Figure 2 was 206,000 square feet of total building area and it shows the tax revenue from this construction.

### Table 3: Sales Tax on Construction

<table>
<thead>
<tr>
<th>Total Building Area (SF)</th>
<th>Cost per SF</th>
<th>Total Cost</th>
<th>Tax Rate</th>
<th>Tax Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>206,000</td>
<td>$125</td>
<td>$25,750,000</td>
<td>1.10%</td>
<td>$283,250</td>
</tr>
</tbody>
</table>

Table 4 analyzes Scenario 1 which shows the anticipated revenue from leases during the first 5-years of the development. The data assumes over the first 5 year with a 20% increase of leases each year that a total of 50% buildout of the business park will occur during the first 5-years.

### Table 4: Lease Revenue – First 5 Years – Scenario 1

<table>
<thead>
<tr>
<th>Leased Land Area (SF)</th>
<th>Cost per SF</th>
<th>Monthly Cost</th>
<th>Years</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>111,510</td>
<td>$0.50</td>
<td>$55,755</td>
<td>1</td>
<td>$55,755</td>
</tr>
<tr>
<td>223,020</td>
<td>$0.50</td>
<td>$111,510</td>
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<td>334,530</td>
<td>$0.50</td>
<td>$167,265</td>
<td>3</td>
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</tr>
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<td>446,040</td>
<td>$0.50</td>
<td>$223,020</td>
<td>4</td>
<td>$223,020</td>
</tr>
<tr>
<td>557,550</td>
<td>$0.50</td>
<td>$278,775</td>
<td>5</td>
<td>$278,775</td>
</tr>
</tbody>
</table>

5-yr Total $836,325

Table 5 analyzes Scenario 2 which shows the anticipated revenue from leases over a 20-year analysis period. The data assumes every 5 years that a 25% increase of leases each year and that a total buildout of the business park will occur during the first 20-years.

### Table 5: Lease Revenue – First 20 Years – Scenario 2

<table>
<thead>
<tr>
<th>Leased Land Area (SF)</th>
<th>Cost per SF</th>
<th>Monthly Cost</th>
<th>Years</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>278,775</td>
<td>$0.50</td>
<td>$139,388</td>
<td>1 to 5</td>
<td>$696,938</td>
</tr>
<tr>
<td>557,550</td>
<td>$0.52</td>
<td>$287,138</td>
<td>6 to 10</td>
<td>$1,435,691</td>
</tr>
<tr>
<td>836,325</td>
<td>$0.53</td>
<td>$443,629</td>
<td>11 to 15</td>
<td>$2,218,143</td>
</tr>
<tr>
<td>1,115,100</td>
<td>$0.55</td>
<td>$609,250</td>
<td>16 to 20</td>
<td>$3,046,250</td>
</tr>
</tbody>
</table>

20-yr Total $7,397,021
Summary

The Sand Canyon Business Park is estimated to cost roughly $2,000,000 while the revenue generated from the available resources based on the assumptions with Scenario 1 in Table 4 are about $1,119,875 over the first 5 years including lease revenue and sales tax. Obviously, the revenue doesn’t cover the costs a assumes that the Business Park would be half developed over the first 5 years which might not be realistic. When analyzing over 20 years as shown with Scenario 2 in Table 5, this shows you it is very likely that over a time stretch of 20 years that the costs would more likely be covered by the lease revenue and sales tax more likely in this duration be covered even if not fully developed. Based on Scenario 2, there is a case for a realistic assumption that the costs could be covered between year 11 and 12 of development even if not fully developed.

This development offers not only the opportunity for job growth within Stevens County but the capability of increasing revenues of the City, County and state through sales tax. As the Business Park begins to move closer to becoming fully developed, the City has the ability to raise the lease fees that will help pay for future maintenance and capital improvements required if necessary.

The Market Feasibility Study (Appendix A) identified that at full build-out of the Sand Canyon Business Park would generate 970 jobs with median wages estimated at $36.50 per hour for commercial uses and $26 per hour for industrial uses. This median wage exceeds the CERB median hourly wage of $20.08 per hour for commercial uses and $16.80 per hour in Stevens County. The successful development of the Sand Canyon Business Park will grow the labor force by 5.4 %.
Sand Canyon

MARKET FEASIBILITY STUDY
## Contents

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Purpose
The purpose of this study is to analyze market feasible uses for a 37-acre site in Chewelah, WA. This feasibility analysis is comprised of two components: 1) a market feasibility with potential commercial and industrial uses, and 2) a recommended marketing strategy. The market feasibility portion of the study conforms to the minimum threshold criteria established by the Washington State Community and Economic Revitalization Board for potential grant funding opportunities.

The above objectives and goal of the buildout for this site achieve the vision outlined in the 2012 Comprehensive Plan to welcome new residents, visitors and businesses to the city in order to build a healthy and sustainable environment.

Site Market Characteristics
Location
The City of Chewelah is a small rural community, located in the center of Stevens County, Washington. In the middle of the City, is a crossroads intersection where a major north/south route from Spokane to Canada, SR 395 (also known as Park Street) where it crosses Main Avenue and becomes Flowery Trail Road. The Flowery Trail Road serves as a key route to Pend Oreille County to the east. These roads bring visitors from all over the Pacific Northwest and Canada to the area.

The City of Chewelah is very unique in the state of Washington because it has two non-contiguous city limits. Chewelah south, as it’s called by residents, is the original town site and is the hub of commercial and employment activity. Chewelah north, sometimes called the Golf Course, lies approximately 5 miles north of Chewelah south and is separated by Stevens County property. The north Chewelah area was developed around the Chewelah Golf and Country Club and the Sand Canyon Airport and is adjacent to this 37-acre site along Sand Canyon Road.

Furthermore, the 2013 Comprehensive Plan recommends promoting more commercial development on the north side of Chewelah. This analysis aligns with the recommendations and land use goals established in the Comprehensive Plan (more specifically, LUG-3, LUG-4, LUG-5).

Table 1. Existing Land Uses (City of Chewelah, 2007)

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Acres</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family Residential</td>
<td>327.18</td>
<td>21%</td>
</tr>
<tr>
<td>Multi-family Residential</td>
<td>17.05</td>
<td>1%</td>
</tr>
<tr>
<td>Commercial</td>
<td>68.6</td>
<td>5%</td>
</tr>
<tr>
<td>Industrial</td>
<td>49.66</td>
<td>3%</td>
</tr>
<tr>
<td>Parks and Open Space</td>
<td>560.5</td>
<td>37%</td>
</tr>
<tr>
<td>Public Facilities</td>
<td>206.34</td>
<td>13%</td>
</tr>
<tr>
<td>Vacant</td>
<td>313.13</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>1542.46</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: 2013 Comprehensive Plan
Table 2. Land Need Projections to 2028

<table>
<thead>
<tr>
<th></th>
<th>Projected Demand (acres)</th>
<th>Existing Supply (acres)</th>
<th>2028 Need (acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Need</td>
<td>213</td>
<td>113</td>
<td>100</td>
</tr>
<tr>
<td>Commercial Need</td>
<td>71</td>
<td>13</td>
<td>58</td>
</tr>
<tr>
<td>Industrial</td>
<td>33</td>
<td>2</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: 2013 Comprehensive Plan
Economy Overview
This section briefly illustrates the socioeconomic trends around Chewelah. Approximately 2,620 people reside in the city limits of Chewelah and 45,260 within Stevens County, comprising 5.8% of the county’s total population. The demographic structure is older with a median age of 51, compared to 37 for the state. The level of poverty is high at 20% residents living in poverty, compared to the state at 10%. This lays the groundwork for this analysis. This site and the uses proposed will help mitigate poverty and improve wages and overall income levels.

- **Population**: 2,620 (07% growth)
- **Median Household Income**: $31,858
- **Poverty Rate**: 20.0%
- **Labor Force Participation Rate**: 44.4%
- **Median Age**: 51
- **Number of Jobs**: 1,047 (10% growth)
- **Median Property Value**: $144,200 (07% growth)

### Household Income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $50k</td>
<td>66%</td>
</tr>
<tr>
<td>$50k - $100k</td>
<td>23%</td>
</tr>
<tr>
<td>$100k - $200k</td>
<td>10%</td>
</tr>
<tr>
<td>Over $200k</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Census
There are roughly 1,324 housing units in Chewelah according to the U.S. Census (with a margin of error of +/- 100). Approximately 86% are occupied and 55% owner-occupied and the remainder renter occupied.

Figure 1. Housing Units, City of Chewelah (2013-2018)

Over the past five years, jobs have increased by 10% in Chewelah from 947 in 2012 to 1,047 in 2017 (U.S. Census, On the Map). The largest employing sectors are health care, comprising 37% of total jobs, followed by educational services (15%) and retail trade (13%).

Figure 2. Job Trends, Chewelah, WA

Source: Census; author calculations
Figure 3. Largest Industries, Chewelah, WA (2017)

- Health Care and Social Assistance: 391
- Educational Services: 153
- Retail Trade: 135
- Accommodation and Food Services: 82
- Management of Companies and Enterprises: 54
- Construction: 52
- Public Administration: 36
- Other Services (excluding Public Administration): 34
- Transportation and Warehousing: 29
- Professional, Scientific, and Technical Services: 19
- Arts, Entertainment, and Recreation: 17
- Wholesale Trade: 11
- Manufacturing: 10
- Agriculture, Forestry, Fishing and Hunting: 8
- Information: 7
- Real Estate and Rental and Leasing: 7

Source: Census

Figure 4. Top Growing Industries, Chewelah, WA (2012-2017)

- Health Care and Social Assistance
- Construction
- Retail Trade
- Transportation and Warehousing
- Management of Companies and Enterprises

Source: Census
Figure 5. Industry Concentration, Chewelah, WA (2017)

Location Quotient (LQ)

- Educational Services
- Health Care and Social Assistance
- Finance and Insurance
- Management of Companies and Enterprises
- Administrative and Support and Waste Management and...
- Accommodation and Food Services
- Retail Trade
- Construction
- Utilities
- Transportation and Warehousing
- Real Estate and Rental and Leasing
- Wholesale Trade
- Mining, Quarrying, and Oil and Gas Extraction
- Professional, Scientific, and Technical Services
- Government
- Manufacturing

*an LQ of 1 and above indicates a higher concentration in that industry compared to the nation making it unique to this area

Figure 6. Earnings per Worker, Chewelah, WA (zip code 99109) - 2019

- Mining, Quarrying
- Government
- Finance and Insurance
- Manufacturing
- Construction
- Professional, Scientific, Technical Svcs
- Other Services
- Arts, Entertainment, and Recreation

Average Earnings Per Job

$43.4K

Source: Emsi
Industrial Market Potential

Stevens County has roughly a $1.2 billion economy and has grown 9% (adjusted in 2019 dollars) over the past five years (2014-2019). The City of Chewelah contributes approximately 13% to the county’s overall gross regional product (GRP). Government is the largest contributor to the county’s economy, contributing 19%, followed by manufacturing (12%) and healthcare (10%).

Figure 7. Gross Regional Product, Stevens County (2019)

Cluster Analysis

An industry cluster analysis was conducted to determine the industry sectors and businesses that offer the most potential for growth around the region and support current regional industry needs. Stevens County comprise the area from which businesses located in Chewelah source local goods and services, and from which they can reasonably expect to draw their workforces. For this reason, the analysis that follows highlights opportunities within Stevens County, using the greater region to further understand economic development potential.

Industry clusters are a geographic concentration of industries that share common markets, suppliers, technologies, and workforce needs. Businesses within a cluster benefit from their proximity to shared resources including a skilled workforce, specialized suppliers, infrastructure, and a localized base of sophisticated industry knowledge about their industry. Each cluster has a high level of economic integration and interdependency. Industry cluster analysis highlights the strengths and weaknesses of different industries within a region and shows where focus needs to be placed to encourage growth. To determine industry clusters, we assess job growth, regional specialization, contribution to GRP, and location quotient (discussed below), among other factors.

When analyzing industry clusters, one measure of cluster viability is its ‘location quotient’ (or LQ). As mentioned earlier, the LQ for a particular industry measures its share of an area’s employment compared to its share of employment at the national level. For example, a LQ of 2.0 indicates that an industry accounts for twice the share of employment in the area than it does nationally, and a LQ of 0.5 indicates that an industry’s share of employment is only half the national average. Industries with a high relative concentration—or high LQ—are said to be specialized in a region.
The data were further vetted by conducting a supply chain analysis. Supply chain analysis is a process by which the inputs and outputs of an area’s industry clusters are evaluated—which goods and services are being bought and sold, in what quantities, and where they are being bought from or sold to. The analysis can help identify the different types of businesses that comprise an industry cluster and, most importantly for economic development, can identify segments of the supply chain that may be absent from a particular region. These supply chain gaps, as they’re known, can represent opportunities for new development that can strengthen existing industry clusters and may support other non-related industries in the region as well.

Through the above analyses, industries around the boat building and wood product manufacturing industries rose to the top in every category. The aerospace industry was added due to its proximity to the airport. We further detailed these industries, purchases, and demand. The below industries rose to the top in terms of most important to the region’s economy, that is growing, is largely concentrated, and is poised for additional opportunistic growth and support. The following types of enterprises either supply to or support the above industries and have been identified as gaps in the region’s supply chain and an appropriate “fit” for the subject site. These were, then, confirmed during interviews with regional stakeholders.

The sites on airport property and adjacent to the runway is reserved for airport specific operations. There are many complementary industries to support current and future airport operations. The following list of industries have risen to the top in terms of regional needs and are supportive to airport operations.
Airport Support Services and Aerospace-related industries

- Couriers and Messengers (FedEx, UPS, etc.)
- Repair and Maintenance (Maintenance, Repair, Overhaul)
- Flight Training (most likely on airport property)
- Other Airport Operations and Other Support Activities for Air Transportation
- Other Aircraft Parts and Auxiliary Equipment Manufacturing
- Aircraft Engine Parts Manufacturing
- System and Instrument Manufacturing
- Machine shops
- Plastics Manufacturing

There are several boat builders around the region. This industry requires a similar supply chain in this region as aerospace, in terms of equipment manufacturing and engine parts manufacturing as well as plastics and resin manufacturing. Therefore, these complementary uses were evaluated.

Boat Building

- Engine Equipment and Parts Manufacturing
- System and Instrument Manufacturing
- Other Vehicle Parts Manufacturing
- Plastics Material and Resin Manufacturing
- Repair and Maintenance
- Machine shops

The wood products industry is strong around the region. Through the same process, the following industries that supply to the wood products industry rose to the top in terms of opportunities to fill current supply chain gaps:

Wood Products Industry

- Truss Manufacturing
- Wood Preservation
- Plastics Material and Resin Manufacturing

Given the current land uses and types surrounding the subject site, additional data were collected to better understand any gaps and opportunities in the retail market. Data was extracted using Environics Analytics’ Retail Market Power data. The analyses were conducted at a 5-, 15-, and 35-mile radius. The results include the following retail gaps:

Retail

- Electronic shopping: indicating a courier service such as UPS or FedEx would be viable (UPS is Amazon’s main courier).
- Gas stations
- Full-service restaurants
- Pharmacy
Table 3. Retail Gap Opportunities within Radii of Site

<table>
<thead>
<tr>
<th>Product</th>
<th>5 mi Radius from Site</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 Demand ($)</td>
<td>2020 Supply ($)</td>
<td>Opportunity Gap/Surplus ($)</td>
</tr>
<tr>
<td>Total retail trade including food and drink</td>
<td>79,866,895</td>
<td>56,163,257</td>
<td>23,703,638</td>
</tr>
<tr>
<td>Electronic shopping and mail-order houses</td>
<td>9,213,976</td>
<td>1,056,402</td>
<td>8,157,574</td>
</tr>
<tr>
<td>Warehouse clubs and supercenters</td>
<td>6,410,735</td>
<td>2,016,879</td>
<td>4,393,856</td>
</tr>
<tr>
<td>Gasoline stations</td>
<td>6,675,644</td>
<td>2,699,255</td>
<td>3,976,389</td>
</tr>
<tr>
<td>Full-service restaurants</td>
<td>3,939,261</td>
<td>2,141,712</td>
<td>1,797,549</td>
</tr>
<tr>
<td>Electronics stores</td>
<td>1,059,138</td>
<td>874</td>
<td>1,058,264</td>
</tr>
<tr>
<td>Family clothing stores</td>
<td>1,344,310</td>
<td>572,685</td>
<td>771,625</td>
</tr>
<tr>
<td>Pharmacies and drug stores</td>
<td>3,945,045</td>
<td>3,210,005</td>
<td>735,039</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product</th>
<th>15 mi Radius from Site</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 Demand ($)</td>
<td>2020 Supply ($)</td>
<td>Opportunity Gap/Surplus ($)</td>
</tr>
<tr>
<td>Total retail trade including food and drink</td>
<td>247,535,910</td>
<td>114,019,644</td>
<td>133,516,267</td>
</tr>
<tr>
<td>Electronic shopping and mail-order houses</td>
<td>28,616,071</td>
<td>1,176,209</td>
<td>27,439,862</td>
</tr>
<tr>
<td>Gasoline stations</td>
<td>20,196,689</td>
<td>10,438,414</td>
<td>9,758,275</td>
</tr>
<tr>
<td>Full-service restaurants</td>
<td>12,076,412</td>
<td>3,140,687</td>
<td>8,935,725</td>
</tr>
<tr>
<td>Warehouse clubs and supercenters</td>
<td>19,690,331</td>
<td>12,376,780</td>
<td>7,313,550</td>
</tr>
<tr>
<td>Pharmacies and drug stores</td>
<td>12,112,097</td>
<td>5,014,567</td>
<td>7,097,530</td>
</tr>
<tr>
<td>Electronics stores</td>
<td>3,292,306</td>
<td>455,282</td>
<td>2,837,024</td>
</tr>
<tr>
<td>Family clothing stores</td>
<td>4,171,251</td>
<td>1,335,024</td>
<td>2,836,228</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product</th>
<th>35 mi Radius from Site</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 Demand ($)</td>
<td>2020 Supply ($)</td>
<td>Opportunity Gap/Surplus ($)</td>
</tr>
<tr>
<td>Total retail trade including food and drink</td>
<td>1,402,213,723</td>
<td>776,405,535</td>
<td>625,808,188</td>
</tr>
<tr>
<td>Electronic shopping and mail-order houses</td>
<td>158,602,485</td>
<td>42,275,719</td>
<td>116,326,766</td>
</tr>
<tr>
<td>Gasoline stations</td>
<td>117,351,687</td>
<td>56,312,066</td>
<td>61,039,621</td>
</tr>
<tr>
<td>Pharmacies and drug stores</td>
<td>67,247,334</td>
<td>16,528,357</td>
<td>50,718,977</td>
</tr>
<tr>
<td>Full-service restaurants</td>
<td>66,532,764</td>
<td>25,133,243</td>
<td>41,399,521</td>
</tr>
<tr>
<td>Family clothing stores</td>
<td>22,703,698</td>
<td>5,361,070</td>
<td>17,342,628</td>
</tr>
<tr>
<td>Electronics stores</td>
<td>18,357,552</td>
<td>3,259,799</td>
<td>15,097,753</td>
</tr>
<tr>
<td>Warehouse clubs and supercenters</td>
<td>110,358,011</td>
<td>106,693,257</td>
<td>3,664,755</td>
</tr>
</tbody>
</table>

Source: Environics Analytics | U.S. Census Bureau | U.S. Bureau of Labor Statistics | InfoUSA

Other uses that were cited during interviews include:

- Storage units
- Multi-use facility (simulator, K-9 dog training, ground school)
- Aircraft rental
- MedStar
- Experimental aviation
Competing Sites

There is a lack of available commercial and light industrial land and/or buildings for sale around the region. There are roughly 45 acres of available commercial and/or industrial land within 30 miles of Chewelah. Most of the sites are not direct comparables to the proposed site.

Table 4. Available Commercial and Industrial Sites, Chewelah area

<table>
<thead>
<tr>
<th>Location</th>
<th>City</th>
<th>Zoning</th>
<th>Use</th>
<th>Building (square feet)</th>
<th>Lot Size (Acres)</th>
<th>Total Price</th>
<th>$/sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>3956 Hwy 292</td>
<td>Loon Lake</td>
<td>Commercial Industrial</td>
<td></td>
<td></td>
<td>3.65</td>
<td>$160,000</td>
<td>$1.01</td>
</tr>
<tr>
<td>703 N. 7th St</td>
<td>Chewelah</td>
<td>Commercial Industrial</td>
<td>Manufacturing</td>
<td>24,000</td>
<td>12.14</td>
<td>$498,000</td>
<td>$0.94</td>
</tr>
<tr>
<td>106 N 2nd St</td>
<td>Chewelah</td>
<td>Commercial</td>
<td>Retail/Office</td>
<td>1,740</td>
<td>0.06</td>
<td>$118,500</td>
<td>$45.34</td>
</tr>
<tr>
<td>3287 VIEWRIDGE LN</td>
<td>Valley</td>
<td>Commercial Industrial</td>
<td></td>
<td>2,716</td>
<td>21.88</td>
<td>$339,000</td>
<td>$0.36</td>
</tr>
<tr>
<td>506 N Ehorn Ln</td>
<td>Chewelah</td>
<td>Office</td>
<td>Assisted Living</td>
<td>9,566</td>
<td>2.89</td>
<td>$1,200,000</td>
<td>$9.53</td>
</tr>
<tr>
<td>3992 Colville Rd</td>
<td>Loon Lake</td>
<td>Office</td>
<td>Post Office</td>
<td>5,458</td>
<td>0.82</td>
<td>$809,000</td>
<td>$22.65</td>
</tr>
<tr>
<td>28114 N Newport Hwy</td>
<td>Deer Park</td>
<td>Retail</td>
<td>Restaurant</td>
<td>2,580</td>
<td>4.06</td>
<td>$675,000</td>
<td>$3.82</td>
</tr>
</tbody>
</table>

Sources: Loopnet, Spokane MLS, Windermere, RealLiving
Lot Size Demand and Site Building Capacity
A series of interviews were conducted with various stakeholders in the region specific to the targeted industries emphasized above. Interviews focused on several key objectives:

- Supply chain needs to identify potential business opportunities
- Demand for the aforementioned commercial and industrial uses
- Reasons for locale
- Benefits and limitations of the subject site location

The interviews were then quantifiably validated. In order to estimate the land/building needs for the subject site, building and land-specific planning ratios were determined to forecast targeted industry land/building requirements. Commercial sites generally have a site coverage ratio of 20 percent and light industrial sites generally have a site coverage ratio of 30 to 40 percent of gross acreage assuming the remainder of the site will include parking, roadways, easements and other unbuildable areas. This greater site coverage is the result of fewer employees per square foot and lower parking requirements. Industry standards for total building area for light industrial can range up to 150,000 square feet. The 2013 Amended Comprehensive Plan (LUP-5.2) addresses floor area ratios and cites a maximum of 2.0 for commercial uses and 0.5 to 1.0 maximum ratios for industrial. The floor area ratios for this proposed building layout stays within the recommended limitations.

<table>
<thead>
<tr>
<th>Commercial</th>
<th>Commercial land uses are concentrated in the downtown. Commercial development also occurs along US 395. This designation should allow for commercial development that orients toward the street and is flexible enough to allow form based overlay zone.</th>
<th>A maximum floor area ratio of 2.0.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>Land designated for industrial development is located along between US 395 and railroad and at Chewelah Industrial Park. Industrial uses shall be buffered to minimize impacts and reduce conflicts to adjacent uses.</td>
<td>The maximum floor area ratio for industrial development is 0.5 to 1.0 (building to lot area).</td>
</tr>
</tbody>
</table>

Based on research of demand-based users, these commercial and light industrial operators would most likely be looking for smaller areas—ranging from 5,000 to 30,000 specific to the above commercial uses and roughly around 12,000 to 30,000 square feet for light industrial uses cited. The remainder of the site has the potential to meet other market demands as listed above. These

**Plat Layout**
**Commercial**
- Ten, 1-acre sites that can be combined into 2- to 5-acre sites.
- Five, 2-acre sites that can be combined into 5-acre sites

**Light Industrial**
- Three, 1.5-acre sites that can be combined into 2- to 5-acre sites.
market demands were assessed during the site building capacity analysis and were further vetted. Because of the variety of users and results from interviews, we recommend that, if possible, the plat layout of the site allow for parcels that can easily be combined, as demand dictates. The table below provides a breakdown of the different uses based on potential demand and industry size standards.

**Table 5. Potential Buildout Scenario**

<table>
<thead>
<tr>
<th>Use</th>
<th>Estimated Building Size</th>
<th>Estimated Ground Coverage of Lot (SF)</th>
<th>Potential Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building C-1</td>
<td>5,000</td>
<td>43,560</td>
<td>✓ Courier services (e.g. UPS, FedEx, etc.)</td>
</tr>
<tr>
<td>Building C-2</td>
<td>5,000</td>
<td>43,560</td>
<td>✓ Maintenance, repair, and overhaul services</td>
</tr>
<tr>
<td>Building C-3</td>
<td>5,000</td>
<td>43,560</td>
<td>✓ Flight training (most likely on airport property)</td>
</tr>
<tr>
<td>Building C-4</td>
<td>5,000</td>
<td>43,560</td>
<td>✓ Other support activities for airport</td>
</tr>
<tr>
<td>Building C-5</td>
<td>5,000</td>
<td>43,560</td>
<td>✓ System and instrument manufacturing</td>
</tr>
<tr>
<td>Building C-6</td>
<td>7,000</td>
<td>43,560</td>
<td>✓ Gas station</td>
</tr>
<tr>
<td>Building C-7</td>
<td>7,000</td>
<td>43,560</td>
<td>✓ Larger businesses that require larger spaces that are not available elsewhere</td>
</tr>
<tr>
<td>Building C-8</td>
<td>7,000</td>
<td>43,560</td>
<td>✓ Parts manufacturing</td>
</tr>
<tr>
<td>Building C-9</td>
<td>7,000</td>
<td>43,560</td>
<td>✓ Plastics material manufacturing</td>
</tr>
<tr>
<td>Building C-10</td>
<td>7,000</td>
<td>43,560</td>
<td>✓ Truss manufacturing</td>
</tr>
<tr>
<td>Building C-11</td>
<td>13,000</td>
<td>87,120</td>
<td></td>
</tr>
<tr>
<td>Building C-12</td>
<td>13,000</td>
<td>87,120</td>
<td></td>
</tr>
<tr>
<td>Building C-13</td>
<td>13,000</td>
<td>87,120</td>
<td></td>
</tr>
<tr>
<td>Building C-14</td>
<td>30,000</td>
<td>87,120</td>
<td></td>
</tr>
<tr>
<td>Building C-15</td>
<td>30,000</td>
<td>87,120</td>
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</tr>
<tr>
<td><strong>Light Industrial</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building I-1</td>
<td>12,000</td>
<td>65,340</td>
<td></td>
</tr>
<tr>
<td>Building I-2</td>
<td>12,000</td>
<td>65,340</td>
<td></td>
</tr>
<tr>
<td>Building I-3</td>
<td>30,000</td>
<td>65,340</td>
<td></td>
</tr>
<tr>
<td><strong>20 acres</strong></td>
<td><strong>871,200</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>5 acres</strong></td>
<td><strong>196,020</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>25 acres</strong></td>
<td><strong>1,067,220</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Building Capacity**

As illustrated in the table above, it is estimated that at full build-out, the site would accommodate approximately a total of 1,067,000 square feet of single-story commercial and industrial building space. Depending on the results of the engineering analysis and direction of the City, there are several different scenarios to accommodate site capacities while achieving market potential. Table 5 outlines the different build-out capacities based on ground coverage area ratios.
Job Impacts

Available Workforce and Wages

As of 2018, there were roughly 970 people participating in the labor force and roughly 900 currently working and available to work in the City of Chewelah based on Census data. According to Census’ on the Map data, 30% of Chewelah residents commute less than 10 miles to work. The average commute time is 25 minutes. However, over half of residents commute 25 miles or more, indicating an untapped labor pool Chewelah businesses could build upon. Over 80% of working residents commute outside the area for work, compared to 76% just ten years ago. Over 82% of all workers in Chewelah live outside the area. Only roughly 190 people live and work within the City limits—19% of all working residents, compared to over 24% in 2007.

Figure 9. Available Workers by Radii (zip code)

According to Washington State Employment Security Department, the median wage in Stevens County is $20.08 per hour (2018, latest data available)—nearly 33% lower than the nation and 23% lower than the state. CERB’s median wage requirements for Stevens County is $20.08 per hour.

Table 6. Median Hourly Earnings

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Difference from WA</th>
<th>Difference from U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferry</td>
<td>$19.54</td>
<td>-24.9%</td>
<td>-34.3%</td>
</tr>
<tr>
<td>Pend Oreille</td>
<td>$23.66</td>
<td>-9.1%</td>
<td>-20.4%</td>
</tr>
<tr>
<td>Spokane</td>
<td>$21.55</td>
<td>-17.2%</td>
<td>-27.5%</td>
</tr>
<tr>
<td>Washington</td>
<td>$26.03</td>
<td>---</td>
<td>-12.5%</td>
</tr>
<tr>
<td>U.S.</td>
<td>$29.74</td>
<td>14.3%</td>
<td>---</td>
</tr>
</tbody>
</table>

The state’s median hourly earnings are based on quarterly unemployment insurance tax returns and are available at the county level, however, they are not broken down by industry. Therefore, in order to identify wages of the targeted industries, we have to use data from the Quarterly Census of Employment and Wages (QCEW)—more specifically, average earnings (total annual earnings of industry divided by total jobs). These two sources are different and should be recognized as such. According to QCEW data, the average industry wages for the proposed uses are indicated below (based on surrounding county wages minus Spokane County).

![Wage Comparisons](image)

**Impacts**

Economic impact analyses are used to estimate the overall economic activity, including spill-over and multiplier impacts, which occurs as a result of a particular business, development or event.

The economic activity related to the subject site is the millions of dollars of goods and services purchased from local vendors and the wages and benefits paid to local workers. This initial injection of funds circulates to the business owners and employees that supply the materials, goods and services needed for the development. These contractors, businesses and households continue the economic ripple effect by hiring workers and buying goods and services to facilitate their business.

Once the development is completed and occupied, commercial activity and new residential households will spend millions of dollars annually in the course of their daily activities. This recirculation of the original expenditures multiplies their impact through these indirect and induced effects.

This impact analysis breaks down the overall project based on the buildout scenario illustrated above and the uses for each of those parcels.

The extent to which the initial expenditures multiply is estimated using economic models that depict the relationships between industries and firms and their employees. These models are built upon expenditure patterns that are reported to the U.S. Bureau of Labor Statistics, the U.S. Census Bureau and the Bureau of Economic Analysis. Data is regionalized so that it reflects and incorporates local conditions such as average wages, expenditure patterns and resource availability and costs.

The multipliers used in this analysis were generated by an economic modeling tool produced by Economic Modeling Specialists, Inc. (EMSI) and were cross-referenced with U.S. Bureau of Economic Analysis’ RIMS II multipliers. Where appropriate, conservative estimates were used.

To further delineate, below are brief definitions of the three typical types of impacts.

**Direct impacts:** derive directly from an activity or event (first round supply chain)
**Indirect impacts:** generated as a result of business-to-business transactions (second tier supply chain)

**Induced impacts:** generated as a result of consumer-to-business transactions (a result from consumer spending)

Direct impacts are those economic impacts that occur as a consequence of direct activity and employment provided by the businesses that support the area, other businesses and government agencies that provide a range of related support services.

Indirect impacts are generated as a result of business-to-business transactions and induced impacts are a result of consumer-to-business transactions.

The economic impact results should be interpreted as those that are attributable to the proposed development at the subject site rather than assuming the new development will generate such new activities.

Given the potential uses for fulfilling existing business supply chain needs and consumer demand, there is potential for several different users at this site. Manufacturing typically generates the largest jobs multiplier effect on a region, support service industries are typically lower because of its service-based nature.

The impacts summarized below are indicative of the different users in each of the outlined industries in the section above. The median wage for jobs in the proposed commercial uses, as listed, is $36.50 per hour, roughly **82% higher than the CERB median hourly wage** of $20.08 for Stevens County. Proposed industrial uses earn, on average, of $26.00 per hour, **29% over the CERB median wage** and retail is **16% less** at $16.80 per hour. Retail typically would not be a targeted sector, however, given the current adjacent uses and business mix, it serves as a transitioning use between the different proposed uses.

The 966 direct jobs estimated to be created at full build-out could potentially increase the labor force in Steven’s County labor force by 5.4%, from 17,769 to 18,735—assuming that all workers will reside in Stevens County (labor force data is based on place of residence and not place of work). A small portion will most likely reside in Chewelah and, therefore, positively impacting their labor force numbers as well as new jobs are created.

The influx of job creation boasts well for the region in terms of housing, schools, and local tax revenues as well.

*Table 7. Economic Impact Summary*

<table>
<thead>
<tr>
<th>Total Job Impacts</th>
<th>Total # of Potential Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>Indirect + Induced</td>
</tr>
<tr>
<td><strong>Total Jobs</strong></td>
<td>966</td>
</tr>
<tr>
<td>50% Developed</td>
<td>483</td>
</tr>
</tbody>
</table>

Source: Author’s calculations, Emsi
Marketing Strategy

There are several strategies that are expected to contribute to a meaningful marketing effort. Strategies lead to activities that will better ready the site for sale, more actively market the site, provide information about the site to potential buyers, and identify prospective buyers. The strategies involved in marketing a project generally include:

- Communicate with City of Chewelah
- Contact property owners to verify parcels for sale and interest among property owners to work together.
- Contact and interview prospective users or tenants (outlined in the sections below)
- Develop a marketing plan
- Establish a marketing budget
- Prepare and distribute marketing documents (brochures, technical packages, website, social media)
- Establish a purchasing program through regional real estate professionals
- Keep in mind, good public relations can generate positive attitudes toward a project before it is even started or help diffuse opposition.

Marketing Plan

As the development progresses, a more systematic approach to marketing produces the best results—a marketing plan. The marketing plan should include goals for leasing and/or sales, budgets, and specific marketing programs.

It is important to be guided by the market research-based vision for the project, especially in terms of planning and design, product (and tenant) mix, and quality of tenants. At the same time, if demand proves to be different from that anticipated, a flexible development plan becomes an important marketing tool. The development should remain responsive to changes in demand for different products.

This development lends itself to potentially a multitude of tenants or industry mixes, therefore, it is worth devoting considerable time to a high-quality “seed” tenant. An initial tenant with a good business reputation can set the tone for the entire development and create an image that will give the development a competitive advantage in luring other tenants.

An established marketing plan identifies firms and other organizations in the target market and methods for convincing them to lease or purchase the space. It outlines goals for leasing and sales, establishes programs for accomplishing those goals, assigns responsibilities and resources, and sets schedules. It is a working document that should be continually evaluated and updated to reflect changes and demand.

A comprehensive marketing plan includes the following specific elements:

- A description of the project, the target businesses/industries, and an assessment of the project’s relative position in the marketplace. This analysis should seek to answer a number of key questions:
  - When continuing to interview prospective industries and businesses, what are their needs?
How can the project be differentiated from competitive projects?
What marketing opportunities seem particularly promising?
What particular marketing problems need to be dealt with?

- The analysis should include a summary of market conditions, including:
  - Industrial land costs
  - Concessions
  - Vacancies
  - Services and amenities at competitive projects
  - Absorption rates

- A statement of the project’s financial goals. The marketing plan should consider the City of Chewelah’s goals for the development, including exit strategies. These financial goals should form the underlying basis for selling decisions. Thus, the marketing plan should include short-term and long-term forecasts of expected financial results. This financial feasibility analysis should be constantly revised and updated throughout the development process.

- Based on the aforementioned analyses:
  - How will the project development be presented (location, features, amenities, services, and delivery schedule)?
  - What kinds of pricing structures will be established?
  - What kinds of promotional activities, including broker programs, will be undertaken?
  - By what means will the marketing and sales information get to the target market?

- As the marketing plan evolves, a list of specific marketing activities should be compiled. Roles and responsibilities must be assigned, schedules worked out, and budget allocations made.

Industrial Realtor Selection

The marketing plan for the subject site must consider various points-of-view—the City of Chewelah, the real estate professional, the prospective user, and the local community. The goal is to develop, diversify, broaden, and strengthen an economic base throughout the city while in an environmentally prudent manner. Carefully selecting the appropriate commercial and industrial broker is highly important to the site marketing and selection process because this representative is the primary interface with prospective industrial users for the site. Close, ongoing communications with this industrial broker is of paramount importance in achieving marketing success.

In order to participate, the commercial real estate community must perceive an economic opportunity at this site. The dominant motivation of commercial real estate brokers is to earn a commission upon completion of a sale or lease transaction. Commercial real estate brokers will only expend considerable time and effort on a listing if they perceive a probable real estate transaction that is competitive with other commission earning opportunities.

It is recommended that the City or private landowners (depending on ownership at this time) interview and select an industrial real estate professional based in or around Chewelah or Spokane. Their proximity to Chewelah is a dominant marketing consideration. Spokane Association of Realtors is a good resource.
It is recommended that decision makers carefully weigh the industrial brokerage experience of a real estate representative and interview several candidates. One good experience indicator is if the broker is a Certified Commercial Investment Member (CCIM).

Another indicator of professional industrial broker experience the owners of the properties can utilize in selecting an industrial realtor representative is the degree in which various Washington State and national databases are used to market the property. Several commercial real estate databases exist that may be used by the City of Chewelah’s selected industrial real estate broker representative in marketing the subject property. A list of them in ranked order of their overall value and specificity relative to the subject property follows:

1. NAR/WSCAR Membership: The Commercial Brokers Association (CBA) is the primary commercial real estate listings database in the Pacific Northwest. It is a member-owned cooperative providing commercial real estate multiple listing services to its members mainly located in Washington, Idaho and Oregon. NAR and WSCAR membership affiliate.

2. Exclusive CCIM Membership: CCIMREDEX is an innovative commercial property data exchange platform with the capacity to integrate with the real estate industry's top marketing, analytical and financial products. CCIM Institute members are provided with sophisticated interactive analysis tools and financial web sites along with what is claimed to be the most comprehensive and cutting-edge listing platform available for commercial properties in the U.S.

3. Paid Membership: CoStar Group, Inc., headquartered in Washington DC, is a nationwide and international provider of commercial real estate information. It claims to maintain the largest and most comprehensive database of commercial real estate information as well as the online ability to analyze and interpret this data. CoStar has recently collaborated with Washington State commercial brokers to offer their services through their membership.

4. Free Membership: LoopNet, a fully owned subsidiary of CoStar Group, is an online real estate marketplace that connects tenants and investors to commercial real estate available for sale and lease.

Marketing Tools

A brochure which tells about the site and many of its positive attributes should be prepared. The brochure should be made available on a site-specific website as well as at the City of Chewelah and other appropriate locations such as the Chamber of Commerce and state and regional agencies. The brochure should be updated as major accomplishments in the physical site preparation are achieved.

A site-specific website should also be developed as part of the marketing plan. It should include pertinent information describing the industrial site, incorporating key internet search words. This website should be updated as well when major accomplishments in the physical site preparation are achieved. Both the brochure and website highlight known competitive advantages that include:

- Proximity to regional industries and supply chain
- Excellent exposure to US 395 up to Canadian border and access to I-90
- Proximity to Spokane and access to a larger workforce
- Chewelah is near Spokane which offers additional amenities and a 45-hour commute from Spokane
As other advantages are identified, or as physical improvements are made, materials should be updated. The City of Chewelah should also be kept up-to-date on the status of the property as they are a development partner and advocate for the region.

**Target Industries and Companies**

The surrounding area is diverse in some cases but focused in others. The airport is the dominant driver in the development of the industrial aspects of the subject site. Jobs and services are a community need identified through the industry analysis and the retail components are a result of the site’s proximity to the golf course and nearby recreational attractions coupled with consumer demand.

Industries that could offer supporting products to the aerospace, boat builders and wood products industries are considered potential target industries, including plastics and resins manufacturing, equipment and parts manufacturing, instrumental systems manufacturing, repair and maintenance, and machine shops. Supporting such an affluent industry in the national market bodes well for Chewelah and economic development opportunities in this cluster.

Additional market possibilities uncovered through our research are listed in the Cluster Analysis section of this report. These value-added industries should be targeted by the City of Chewelah’s marketing representative. Making sure the project serves its target market well is the first basic element of marketing.

Understanding the strategic reasons for choosing commercial and industrial locations in the region (both existing and future) is critically important in achieving marketing success. This can only be accomplished by the City’s economic development representative interviewing key industrial decision makers at each company. We strongly encourage the City verify that this time-consuming marketing effort will be implemented “before” finalizing the choice of a particular industrial real estate broker.

Furthermore, it is vital to better understand the supply chain needs of the major regional industries listed. Representatives were contacted but a more targeted outreach effort should be conducted. At any point, The Metts Group will assist the City in narrowing their targeted search as they refine their goals and plan.

**Physical Site Preparation**

In order to best attract potential buyers, it will be important to eliminate as many unknowns about the site as possible. A proper balance of performing site preparation work and minimizing cash outlay by the City must be sought. Essentially the costs outlined in the Feasibility Study to make the site ready for development.

**Conclusion**

The proposed site is located in a unique location that will take time to develop out completely. Therefore, an established marketing plan and material will be essential. Chewelah is ripe to expand upon the value-add of the aerospace, airport services, boat building and wood products industries and their supply chains due to its proximity to the airport and Spokane. It would also support local economic diversification efforts. The growth potential in the region’s supply chain make this site a prime location for industries in these sectors.
Multipliers make any project look profitable as the numbers accentuate even the smallest of growth. Without looking at the indirect and induced job creation, however, you cannot see the big picture and the impact realized. The concept is real and is more palatable when you can compare it to similar areas or projects. Conservative approaches were used throughout the analysis. It is recommended that the City track the metrics set forth, and required by CERB, to determine if the desired outcomes are achieved and to help guide future development projects.

Nearly 970 jobs are estimated to be directly created at full build out of the subject site and another 47 jobs created in other industries, for a total of roughly 1,012 jobs. The median wage for jobs in the proposed commercial industries (supporting the aerospace, boat building and wood products industry), as listed, is $36.50 per hour, roughly 82% higher than the CERB median hourly wage of $20.08 for Stevens County. Proposed industrial uses earn, on average, of $26.00 per hour, 29% over the CERB median wage. The proposed businesses and uses are estimated to generate earnings that will be circulated throughout the economy significantly benefitting and contributing to the overall economic health of the community.

Additionally, the potential for Chewelah’s labor force to grow and, ultimately, the county by 5.4% would boast well for the region. Commercial growth will lead to job creation which will create more households and an increase of flow of earnings to circulate around the community but, ultimately, increasing tax revenues and the overall tax base—bettering the community as a whole.