

BUSINESS CLIMATE

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Vibrant Business & Economic Development:

While the national economy is slowly emerging from a three-year downturn, Kitsap County has remained immune from the general malaise. This is due both to the significant presence of the US Navy and to geographic, demographic, and institutional characteristics of our community. A qualified workforce, business-friendly governments, choice business sites, excellent telecommunications infrastructure, and a compelling quality of life have set the stage for expanded economic activity in West Puget Sound.

County-wide Statistics:

There are 105,000 people in the workforce. The unemployment rate has been in the range of 5.1 to 5.8% during the past 12 months. Countywide employment statistics for third quarter 2004 are as follows:

* Non-Farm	80,700
* Service Providing	74,100
* Total Private	53,400
* Public Sector	27,200
* Federal/DOD	14,900

Job growth in Kitsap County through the first three quarters of CY-2004 remained strong. A total of 6,300 new jobs were created:

* Private Sector	6,188
* Public Sector	112

Kitsap County has a wide variety of businesses: manufacturers, technology companies, defense contractors, service providers, retailers, and distributors. The County also has a significant number of public sector employers including educational institutions. (See next section entitled, "Top Employers of Kitsap County". A population of 237,000 assures a diversity of economic, social, and cultural activities.

Community College Focus on Workforce Education:

Olympic College, with two campuses in Kitsap County and one in Mason County, provides a wide range of educational opportunities including on-site and distance learning. Four-year degrees are available from partner universities. Contract and continuing education programs are available to meet the specialized needs of local business.

Labor Market Dynamics:

The availability of a well-trained, highly motivated workforce remains the county's strongest economic asset. Approximately 23% of the resident labor pool travels to jobs outside the county. The central Puget Sound region has a greater than average percentage of its population within the primary work age brackets of 25-44 and 45-64. This workforce is characterized by a high percentage of college graduates.

The strong work ethic of a labor pool associated with military employment continues to attract attention from national employers. Spouses of military personnel, newly discharged sailors, and retiring personnel make up a well-trained, highly qualified workforce. With the addition of well-qualified students from Olympic College, private training institutes, and local high schools, Kitsap County remains a desirable location for prospective employers.

Government Cooperation:

County and local governments are committed to job expansion both in word and deed. Local officials understand the importance of diversifying the regional economy. The adverse impact of defense downsizing is clear and the desirability of attracting private sector jobs and investment remains a priority. Expanding and relocating employers have received firm commitments to shortened permitting timelines. Public agencies are well positioned to facilitate permits. A new land use information system makes it possible to streamline the process and check progress on-line. The concept of business-friendly government with a personal touch has real meaning in Kitsap County.

Land for Development:

There is substantial land ready for development: Day Road Industrial Park on Bainbridge Island, Olympic View Industrial Park, and the Olympic View Business Park at the Bremerton National Airport, Olhava Project in Poulsbo, Twelve Trees Project in North Kitsap County, and the Olympic Resource Management's West Hills Site in Bremerton. An extensive listing of business parks and other primary job sites throughout Kitsap County is available at the Economic Development Council's website: www.kitsapedc.org. Over 1,000 acres of properly zoned and available land are on the market, including 370 acres for long-term lease. Another 2,000+ acres of land in the South Kitsap Industrial Area (SKIA) recently came on-line for development.

Telecommunications:

Telecommunications provides one of the newest opportunities for business development. Basic infrastructure in the Kitsap region equals that available in the eastern Puget Sound region. SPRINT has installed a point-of-presence (POP) on the Internet in Poulsbo, making it competitive with major metropolitan areas. SPRINT has provided ISDN service at significantly reduced rates to businesses and residences in their greater Poulsbo region. Downtown Bremerton is heavily wired as a result of the Navy presence. Several Sonnet Rings already exist.

Comcast high speed internet has entered the market with some of the most advanced cable infrastructure in the region. Qwest is constructing a number of neighborhood-specific DSL nodes throughout the county. Century Tel and Wave Broadband are similarly providing DSL services in the northern and southern ends of the county.

Fiber Optic Backbone:

Of particular importance is the Kitsap Public Utility District's creation of a fiber optic backbone throughout the county. This now provides wholesale access to the Bonneville Power grid. In the language of telecommunications, this is a 144-strand fiber optic network that brings an additional OC-48 worth of connection from outside and will deliver it through an OC-48 Sonet and Gigabit Ethernet. The backbone is operational now throughout the major population centers and is being expanded to Bainbridge Island and, subsequently, to Port Orchard. The cities of Poulsbo and Bainbridge Island are creating wide area networks linking their public facilities with this service. Olympic College will connect its three campuses. Cooperative ventures are being formed with business parks and the Navy. Plans are under way to create a teleworking e-hotel near Olympic College's North Campus in Poulsbo.

This high-capacity, redundant fiber optic telecommunications system offers competitively priced and qualitatively outstanding service to institutions and businesses throughout Kitsap County. In short, Kitsap is a great place to do E-commerce.

Ferry Service and Transportation:

State budget restrictions in the 2003 legislative session resulted in the termination of Passenger Only Ferry Service. This service has recently been revived (see the Kitsap Transit section in the last part of this TRENDS Report). Hopefully, the frequency of service and the number of embarkation points for passenger ferries will be enhanced.

We remain within 35 minutes of the major metropolitan center of Seattle, and within an hour of Sea-Tac Airport via the Tacoma Narrows Bridge. Washington State has also issued bonds to construct a second span of the Tacoma Narrows Bridge. This will further ease access to and from the Kitsap Peninsula.

The Bremerton International Airport provides a convenient means for the shipment of goods; a convenience augmented by its adjacent rail line. Indeed, this operating freight connection to Grays Harbor near Aberdeen cuts at least one day off the time of shipping large goods to Asia, as compared to shipment from ports inside Puget Sound. Commuting internally within Kitsap County is swift and unimpaired, with a four-lane highway connecting most employment centers.

Although we have good sea, surface and rail access in and out of the county, the growing perception is that Kitsap's future lies with telecommunications and software, and so we continue to build a state-of-the-art "virtual highway" by means of our multiple and redundant broadband communication corridors.