



Chapter Nine: Economic Development

Purpose and Intent
Issues and Goals of Economic Development
Existing Conditions
Employment Characteristics
Business Characteristics
Future Demand
Conclusion

Community Vision on Economic Development

The City of Airway Heights is a community devoted to providing commercial goods and services. It is a community with competition among enterprises allowing choices for its citizens and community where business owners and employees are also permanent residents. It is a community offering opportunity in retail, entertainment, and medical/dental services and a well-defined, attractive central business district reflective of the community characteristics of Airway Heights.

Purpose and Intent

This Chapter is intended to convey an understanding of the existing economic patterns and the potential economic opportunities for the City. This is necessary because the economic expansion of a community plays a significant role in the overall growth of that community. By understanding the economic patterns of the City, it is possible to identify those business enterprises unique and established within the community, and those business enterprises that are lacking within the community, resulting in residents spending their money outside the City. This understanding helps to determine how existing businesses can be maintained and how new businesses can be established. Economic development also plays a major role in the comprehensive planning process. All elements of the comprehensive plan are directed at improving the economic condition of the residents and economy of Airway Heights.

For example,

- The Land Use Element provides direction to land use decisions and designations to facilitate economic growth;
- The Transportation and Public Services Element identifies and directs improvements to areas identified as areas of potential future growth;
- The Housing Element identifies housing needs to accommodate existing and future residents; and

This Chapter identifies employment and business enterprises the City should encourage in Airway Heights.

The City of Airway Heights is poised with a unique economic situation. While the City itself enjoys a relatively small population, its location attracts businesses and industries from surrounding areas. Its location along U.S. Highway 2 provides easy access to Interstate 90 and Spokane International Airport (to the east) and Fairchild Air Force Base (to the west). This proximity allows the City to enjoy a large amount of drive-through traffic of tourists and business people traveling within and beyond the City.

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Issues and Goals of Economic Development

In order to determine and seek out economic stability for the City, it is important to understand the issues as the City strives to bring in new employment and business opportunities for its residents and surrounding communities. These issues are identified in Table 9.1 below, along with the specific goals developed to address them.

Table 9.1
Economic Development Goals, Policies and Programs

Goal	Policy	Implementing Program
Develop, enhance, and beautify the central business district to include greater shopping, dining, and entertainment choices along with the establishment of a strong pedestrian orientation.	Encourage design guidelines for commercial development within the central business district that encourage pedestrian activity.	Develop a set of design guidelines for the central business district.
	Encourage a mix of uses on single parcels that is conducive to shopping, service needs and entertainment.	Create a variety of mixed-use zones that increase the density of residential units.
	Utilize public investment along the U.S. Highway 2 corridor to create a strong pedestrian environment.	Seek out grants for improvements to the U.S. Highway 2 corridor.
Diversify the job market and promote better quality jobs.	Encourage small and start-up businesses to create a balance and variety of job types.	Develop a short-range economic development action plan that includes incentives for small and start-up businesses.
	Encourage investment in appropriate public infrastructure to support commercial and industrial development.	Develop a capital improvement plan to ensure that new development is adequately served by public services.
	Identify suitable locations for commercial and industrial development.	Encourage mixed-use commercial residential project and or industrial project.
Promote commercial and industrial development to aid in the City's economic growth and to promote adequate local employment opportunities.	Emphasize what currently exists and look for ways to fill the "gaps" to meet community needs.	Identify levels of local underemployment and develop a strategy to recruit and retain the appropriate employers.
		Sponsor entrepreneurial workshops.
		Identify existing community jobs by North American Industry Classification System and compare to those of similar communities.
	Take advantage of the City's access to major transportation facilities, such as U.S. Highway 2, Interstate 90, Spokane International Airport and regional railroads.	Subsidize incubator space for local start-ups through grants and loan programs.
		Coordinate with agencies to retain nearby transportation facilities and to enhance access to them.
		Designate and zone land near transportation facilities for commercial industrial uses.

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Goal	Policy	Implementing Program
Encourage upgraded commercial architecture and building design.	Establish a design assistance forum.	Develop a competitive City grant program for storefront improvements that require matching funds.
Establish and maintain storefront improvements and property beautification, especially along U.S. Highway 2 and within the downtown to spur economic growth.		Explore opportunities for city/private ownership for storefront improvements.
Seek out creative and innovative ways to stabilize and expand the City's fiscal revenue source to maintain residents' quality of life.		Ensure that an adequate balance of housing is available for all economic segments of the population
	Encourage businesses and industries to have an ownership in the overall image of the community. Encourage development of an appropriate service sector.	Continue to support the downtown partnership of business owners and City officials to address the issues and concerns of business owners. Inventory businesses.
Partner with major employers and attractions of the community to help develop ways of stimulating economic development and activity.	Develop private/public partnerships to promote economic development.	Support citywide special events that involve regional business owners, residents and the City.
Encourage service and retail development to support the everyday needs of community members.	Encourage varying commercial development including retail, service or office development.	Promote a variety of zoning that encourages a mix of different types of commercial development.

Existing Conditions

The following table, Table 9.2, delineates the work force of Airway Heights. Work force is defined as the number of people ages 16 to 64 in the community who are able to work.

Final

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Employment Characteristics

Table 9.2

Percentage of Residents 16 Years or Older in the Workforce, 2000

Employment Status	1990			2000			
	Airway Heights		Spokane County	Airway Heights		Spokane County	Wash. State
	#	%	%	#	%	%	%
Employed	698	48.7	56.9	1,016	26.6	59.0	61.4
Unemployed	96	6.7	4.5	470	12.5	5.1	4.1
Armed Forces	172	12.0	1.5	46	1.2	1.0	1.1
Not in Labor Force	467	32.6	37.1	2,275	59.7	34.9	33.5
TOTAL POPULATION (over 16)	1,433	100.0		3,813	100.0		

Source: U.S. Census Bureau

Table 9.3 illustrates the four general classes of workers: private for profit wage and salary; government; self-employed and unpaid family. Historically, there has been an increase in private for profit job classification and a small decrease in the government and self-employed classifications. Airway Heights has similar percentages for worker classification as Spokane County and the state.

Table 9.3

Employment by Class of Worker, 1990 and 2000

Class of Worker	1990 Percentages			2000 Percentages			
	Airway Heights		Spokane County	Airway Heights		Spokane County	Wash. State
	#	%	%	#	%	%	%
Private for Profit Wage and Salary	462	66.2	76.4	749	73.7	77.1	76.1
Government	187	26.7	15.7	215	21.2	15.7	18.5
Self-Employed	49	7.0	7.4	46	4.5	6.9	7.2
Unpaid Family	-	-	0.5	6	0.6	0.3	0.3
TOTAL POPULATION (over 16)	698	100.0		1,016	100.0		

Source: U.S. Census Bureau.

Table 9.4, illustrates the division of employed people living in Airway Heights into different industry sectors such as agriculture, construction, manufacturing, wholesale and retail trade, mining, etc. Major employment industries for Airway Heights are manufacturing with 10.9 percent of employed people, retail trade with 12.4 percent of employed people and education, health and social with 19.7 percent of the employed population.

Final

2006

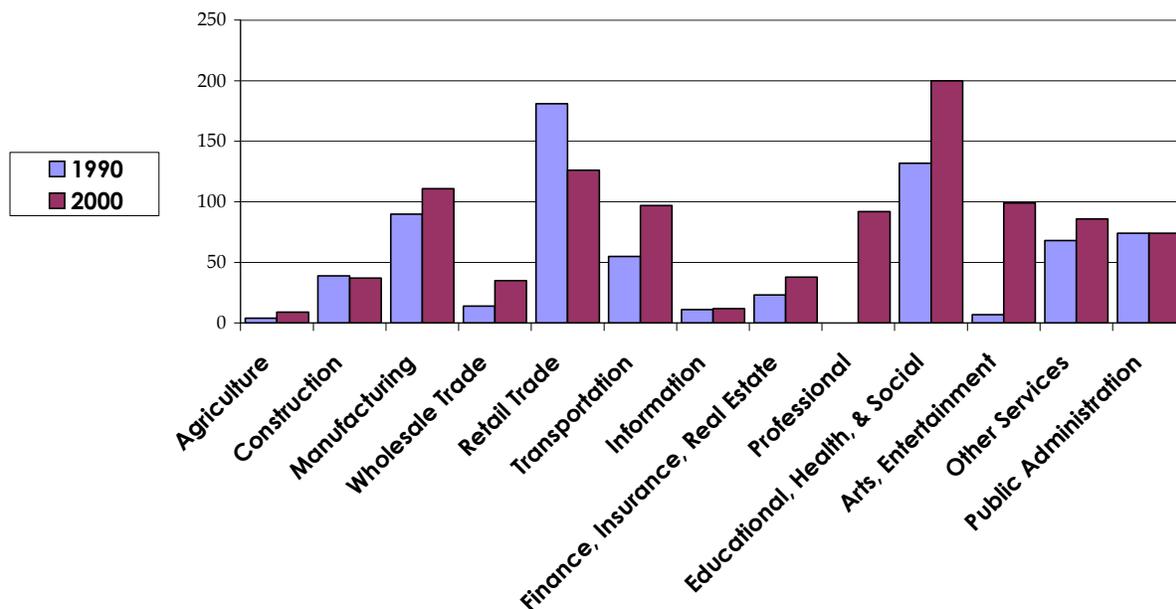
Table 9.4
Employment by Industry,
1990 and 2000

Employment Industry	1990 Percentages			2000 Percentages			
	Airway Heights		Spokane County	Airway Heights		Spokane County	Wash. State
	#	%		#	%		
Agriculture, Forestry, Fishing, Hunting, and Mining	4	0.6	2.0	9	0.9	0.9	2.5
Construction	39	5.6	5.0	37	3.6	6.4	7.0
Manufacturing	90	12.8	12.6	111	10.9	10.1	12.5
Wholesale Trade	14	2.0	5.6	35	3.4	4.6	4.1
Retail Trade	181	25.9	19.3	126	12.4	12.7	12.1
Transportation, Warehousing, Utilities	55	7.9	4.4	97	9.5	4.6	5.4
Information	11	1.6	2.4	12	1.2	2.3	3.4
Finance, Insurance, Real Estate, Rental, and Leasing	23	3.3	6.7	38	3.7	7.1	6.1
Professional, Scientific, Management, Administrative, and Waste Management	*	*	*	92	9.1	8.7	9.8
Educational, Health, and Social	132	18.9	24.1	200	19.7	23.9	10.4
Arts, Entertainment, Recreation, Accommodation, and Food	7	1.0	1.6	99	9.7	8.2	7.1
Other Services	68	9.8	11.9	86	8.5	5.7	4.8
Public Administration	74	10.6	4.3	74	7.3	4.7	5.0
TOTAL POPULATION (over 16)	698	100.0		1,016	100.0		

Source: U.S. Census * is a new section since the 1990 Census.

Figure 9.1 displays the information from table 9.4 graphically. The figure compares 1990 and 2000 employment by industry to illustrate the increases and decreases for particular industry sectors.

Figure 9.1
Employment Industry 1990 and 2000



Final

2006

Business Characteristics

A community's economy can be divided into two segments: the export-based and the secondary-based. The export-based is made up of those goods and services that the community exports; while secondary-based businesses provide the everyday goods and services to the local community. A community grows in part because it earns money from goods and services exported to other communities. Export-based industries include manufacturing, mining and regional services and products. Secondary-based industries are generally dependent on export-based industries and include businesses like grocery stores, taverns, restaurants and other retail establishments.

Table 9.5 shows the taxable retail sales total for Airway Heights and percentage of those totals that contribute to Spokane County. The retail sales are classified into eight categories: retail trade, services, construction, manufacturing, transportation, communication, utilities, wholesaling, financing, and insurance, real estate and other businesses as defined by the Standard Industrial Classification (SIC) system. The SIC has been replaced by the North American Industrial Classification System (NAICS). For historical data, the SIC is the best measure since the NAICS was not implemented until 2002. The latest NAICS data for 2002 is detailed in Table 9.6.

Final

2006

Standard Industrial Classification (SIC) Key

Table 9.5
SIC Taxable Retail Sales, 1990 - 2000

52-57	Retail Trade
70-89	Services
15-17	Construction
19-39	Manufacturing
40-49	Transportation, Communication, and Utilities
50-51	Wholesaling
60-67	Finance, Insurance, and Real Estate
0-14 and 90s	Other Businesses

SIC Code	1990		1992		1994	
	Sales	% of County	Sales	% of County	Sales	% of County
52-57	9,237,962	0.5	11,179,155	0.5	12,867,287	0.5
70-89	1,894,384	0.5	1,585,785	0.4	2,285,905	0.4
15-17	1,521,766	0.4	62,022,396	12.3	5,911,894	0.9
19-39	928,255	1.0	2,889,939	2.9	2,634,987	2.2
40-49	421,907	0.3	552,804	0.5	541,105	0.4
50-51	1,715,527	0.4	1,798,525	0.3	1,650,235	0.3
60-67	64,135	0.3	74,097	0.3	18,667	0.1
0-14 and 90s	12,293	0.1	14,627	0.1	382,645	1.0
TOTAL	15,796,229	0.5	80,117,328	2.1	26,292,725	0.6
SIC Code	1996		1998		2000	
	Sales	% of County	Sales	% of County	Sales	% of County
52-57	13,853,278	0.6	19,532,290	0.7	21,959,839	0.7
70-89	2,904,480	0.5	3,491,441	0.6	4,747,000	0.8
15-17	14,811,139	2.5	6,547,745	1.2	7,850,473	1.0
19-39	2,135,093	1.7	3,001,993	2.3	2,919,368	2.4
40-49	750,445	0.5	686,633	0.4	1,224,720	0.5
50-51	2,833,322	0.4	6,313,118	1.0	2,819,358	0.4
60-67	67,118	0.2	51,116	0.1	75,930	0.2
0-14 and 90s	178,443	0.5	491,745	1.2	1,006,817	1.9
TOTAL	37,533,318	0.8	40,116,081	0.8	42,603,505	0.8
Source: OFM, 2002						

Final

2006

North American Industrial Classification System (NAICS) Key

44-45	Retail Trade
53	Real Estate
56	Waste Management Food Service and Restaurants
72- 72221	Restaurants
811-8111	Repair and Maintenance
447	Gas Stations

Table 9.6
NAICS Taxable Retail Sales, 2002

NAICS Code	2002
	Sales
44-45	35,595,000
53	1,666,000
56	736,000
72-72221	19,020,000
811-8111	6,288,000
447	10,526,000
TOTAL	73,831,000

* Source: U.S. Census Bureau

Figure 9.2 combines the general industry sectors into export-based and secondary-based industry. Based on the definition for export-based and secondary-based industries, Figure 9.3 considers construction, manufacturing and wholesale as export-based industry and all other industries as secondary-based. The figure shows the contribution of export-based and secondary-based industries to the total taxable sales. Figure 9.3 shows an increase in total taxable sales in Airway Heights. It also shows that secondary-based industries are contributing to taxable sales.

Figure 9.2
Contribution of Export-based and Secondary-based to Total Taxable Sales

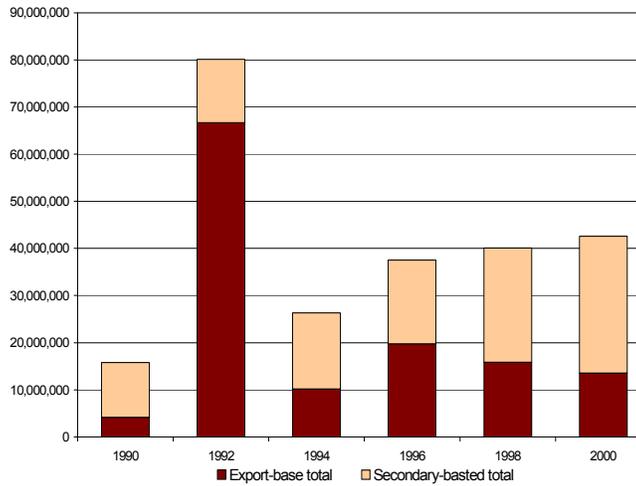


Table 9.7 is similar to table 9.6 but instead of taxable sales it shows units, or places of business that report taxable retail sales and the percentage those totals contribute to Spokane County. Table 9.7 also classifies the units according to the generalized SIC system above. The general trend observed from the table is that units reporting taxable retail sales have increased.

Standard Industrial Classification (SIC) Key

Table 9.7
Units Reporting Taxable Sales, 1990 - 2000

52-57	Retail Trade
70-89	Services
15-17	Construction
19-39	Manufacturing
40-49	Transportation, Communication, and Utilities
50-51	Wholesaling
60-67	Finance, Insurance, and Real Estate
0-14 and 90s	Other Businesses

SIC Code	1990		1992		1994	
	Units	% of County	Units	% of County	Units	% of County
52-57	100	2.3	129	2.7	138	2.7
70-89	111	3.1	124	3.4	144	3.4
15-17	100	5.3	119	5.2	167	5.9
19-39	20	3.4	19	3.3	23	3.1
40-49	16	8.7	16	7.9	27	10.2
50-51	103	4.2	120	4.3	178	6.0
60-67	11	5.9	6	3.4	7	3.4
0-14 and 90s	4	1.8	6	2.7	12	2.8
TOTAL	465	3.4	539	3.7	696	4.1
SIC Code	1996		1998		2000	
	Units	% of County	Units	% of County	Units	% of County
52-57	174	3.3	221	4.1	232	4.6
70-89	153	3.6	161	3.8	168	4.0
15-17	201	7.2	207	7.4	174	6.6
19-39	34	4.4	34	4.5	36	5.1
40-49	38	11.2	55	14.0	62	15.5
50-51	211	7.3	218	7.7	203	7.8
60-67	13	5.8	13	5.7	21	9.1
0-14 and 90s	23	4.9	21	4.1	15	3.3
TOTAL	847	4.9	930	5.4	911	5.6

Final

2006

Table 9.8
NAICS Units 2002

NAICS Code	2002
	Units
42	20
44	36
51	3
53	8
54	4
56	3
62	6
71	2
72	52
81	34

* Source: U.S. Census Bureau

North American Industrial Classification System (NAICS) Key

- 42 Wholesale
- 44 Retail
- 51 Communications
- 53 Real Estate
- 54 Professional, Scientific, Technical
Waste Management,
- 56 Administration
- 62 Health Care
- 71 Arts, Entertainment, Recreation
- 72 Restaurant
- 81 Other and Repair

Figure 9.3 displays the information from Table 9.8 graphically. It combines the general industry sectors into export-based and secondary-based. Based on the definition above for export-based and secondary-based industries, the figure shows the contribution of export-based and secondary-based industries to the total units reporting taxable sales. The figure shows the general increase in total units reporting taxable sales. It also shows that there is equilibrium between export-based and secondary-based industries reporting taxable sales.

Future Demand

As mentioned at the beginning of this Chapter the City possesses the unique economic situation of having a relatively small population but the ability to attract industries from surrounding areas. This ability is due to the City's proximity to major transportation networks and availability of affordable land. These characteristics provide the City with economic opportunities that are favorable.

In the future, the City can expect to see larger increases in secondary-based industries like retail trade and services with a moderate increase in export-based industries like construction and wholesale. Economic development is sometimes viewed as recruiting large new firms to a community – but it should also be about retaining and expanding businesses already located in the community. The potential of existing firms is often overlooked – many could expand increasing available jobs and the tax base.

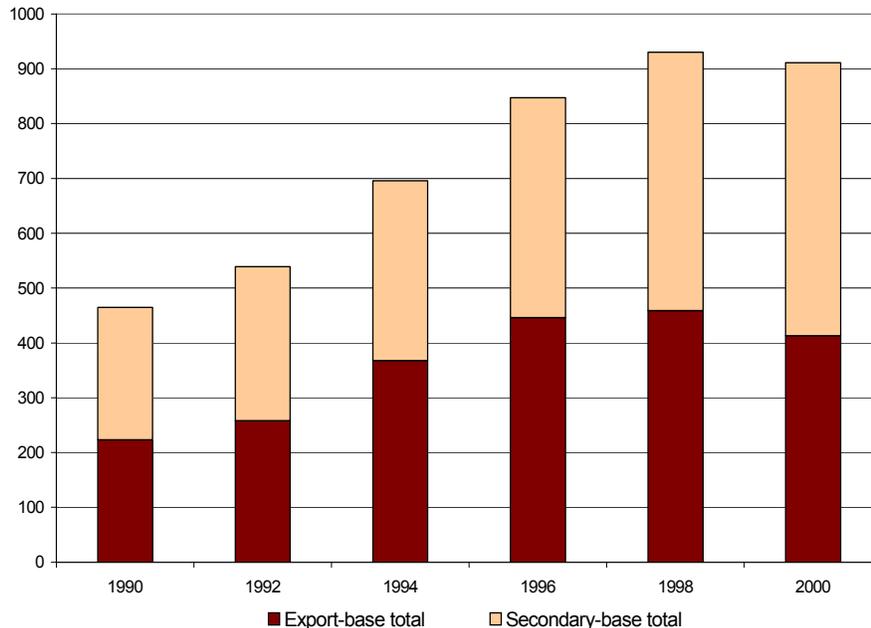
In order to maximize its potential and achieve goals of economic development this Chapter recommends the City undertake an economic development action plan. This economic development action plan will remain consistent with the comprehensive plan, capital improvement program as well as zoning and subdivision regulations. It should include a detailed assessment of existing businesses including labor needs, space requirements, financing and other relevant factors related to possible expansion. It should promote the retention and expansion of existing businesses.

Final

2006

Airway Heights recognizes that economic development is best seen as a long-term process of change, and that persistence, innovation and consistent work are essential. Further, any economic development strategy is best pursued within the framework of this comprehensive plan so as to ensure that the community's needs, desires and quality of life are enhanced by economic growth.

Figure 9.3
Contribution of Export-based and Secondary-based to Businesses Reporting Taxable Sales



Conclusion

The City is uniquely positioned in the region. It is the western edge of urban growth with transportation and other necessary infrastructure readily available. U.S. Highway 2, Interstate 90 and major arterial roads serve the City. Rail service is available. Utilities and services can supply and accommodate forecasted growth. The land within the City consists of residential, commercial, industrial and mining uses which support both the local and regional business interests.

To the west is FAFB, a major contributor to the nation's security. The base directly supports various economic sectors of the City including retail and general commercial with base personnel routinely purchasing goods, services and housing in the City. On the southern edge of the City is Spokane International Airport, a major transportation hub that brings goods, services and people to the region. To the east, nearly all the way to the Idaho state line, is urban growth. For Airway Heights, this population base and built infrastructure creates economic opportunity. The City through its land use plan desires to foster a mix of uses and growth that will recruit new businesses, create living wage jobs, add wealth and promote the quality of life within the City through private investment and development.

To foster economic growth and the future development of the community and support the surrounding regional demands and opportunities, the City will work in concert with the public and private organizations and individuals who seek to invest in Airway Heights. The City recognizes it must devote resources and personnel to attract, support and promote the economic development of the City.

Final

2006

Recruitment activities will include working directly with developers and owners of the land, local and regional chambers of commerce and other governmental entities to retain expand and attract new and existing businesses.

The City's proximity to regional transportation facilities, available work force and local infrastructure supports the projected reasonable and responsible growth within and adjacent to the City.