

Sustainability Assessment of the Kirkland Economy

Summary Report & Recommendations



Prepared for the City of Kirkland
Office of Economic Development



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E.D. HOVEE & COMPANY



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EXECUTIVE SUMMARY

In March of 2008, the City of Kirkland commissioned an Assessment of the sustainability of Kirkland's economy. The Assessment was funded through a grant received from the Washington State Department of Community, Trade, and Economic Development (CTED), and is the first phase of a two-phased effort to develop a City-wide Economic Sustainability Strategy. The second phase is anticipated to immediately follow Phase I and will focus on program enhancement and development.

ASSESSMENT APPROACH

The City engaged the consultant team of O'Brien & Company and E.D. Hovee & Company to complete the Sustainability Assessment for the Kirkland Economy. The consultant team devised a four-month intensive approach that included the following steps:

1. An online survey directed at Kirkland residents and business owners/operators;
2. A study to determine the amount of retail goods that residents obtain outside of the City of Kirkland (referred to as a "Retail Leakage Study");
3. Community meeting announcements and media releases to generate awareness and promote participation in the surveys and the community workshop;
4. Interviews with Kirkland business owners;
5. A community workshop to provide project information and collect input;
6. Research on green business programs and tools implemented by other jurisdictions and municipalities; and,
7. Research and compilation of information on sustainable business support and recruitment.

The Assessment approach was designed to answer the following questions:

- To what extent are the goods and services that Kirkland residents need (or purchase) available within the city?
- To what extent are Kirkland businesses engaging in green practices?
- What are the primary barriers/opportunities to increasing green business practices, and what businesses are now in Kirkland that have these characteristics?
- What are opportunities to increase business revenue in Kirkland, for businesses and also for the City through tax revenue? Within those opportunities, what businesses are green in practice or content that Kirkland can target?
- What is the current level of green business activity in Kirkland? In other words, to what extent are there businesses that focus exclusively on providing green products and/or services?

DEFINING SUSTAINABLE ECONOMY AND ITS VALUE FOR KIRKLAND

Sustainability economies are at their basis, healthy economies – strong, resilient, and diverse – that include and support a network of local *green businesses*, good *green jobs*, and best *green business practices*. Green businesses offer green products and/or services. Green jobs are offered, for the most part, by green businesses. Green business practices can apply to any business type and

describes operations that reduce a business' consumption of resource (materials, energy, water), as well as waste output.

Sustainable economic development also offers global benefits that go beyond Kirkland's physical boundaries, including:

- Less dependence on the global economy (localization)
- Less dependence on non-renewable resources
- Elimination of materials and chemicals harmful to humans and the environment
- Smaller ecological footprint (e.g., reduced waste stream)
- Contributing to a more socially responsible society

The value of sustainable economic development to Kirkland's businesses community is that it can offer the opportunity to reduce operational expenses, be more competitive, and be a vital part of the social texture of a community. Resource conservation, competitive edge, and social responsibility are all aspects of sustainable economies that can help buoy local businesses in a time of economic contraction. In that respect, the Assessment comes at a critical time for the City of Kirkland. While the City's economic vision of *"A strong, resilient, and diverse Kirkland economy with a healthy mix of businesses, varied job opportunities with good wages, a strong tax base, and a broad base of goods and services"* is clear, economic conditions in the region (and nationally) make achieving this vision quite challenging. However, by initiating this Assessment and development of an Economic Sustainability Strategy, the City is taking pro-active steps to distinguish the City of Kirkland from its regional neighbors as a good, stable, green, and "smart" community to do business.

As a result of the Assessment, a set of initial recommendations was developed related to *Policy Guidelines, Green Economy, Messaging, and Phase II implementation*. The recommendations are presented as actions to thirteen key Assessment observations, and they serve to inform and guide phase II of the project.

1. POLICY GUIDELINE RECOMMENDATIONS

ACTION: Conduct a policy discussion with City department heads regarding articulation of an overarching sustainability strategy. Use the existing Natural Resource Management Plan as the baseline for this discussion and identify policy gaps and language changes that would make the City's goal of sustainability transparent and inspiring to the Kirkland public. Test and grow community awareness through a series of community conversations.

ACTION: Share the results of this study with staff from the City's planning department. The narrative survey results include feedback the planning staff should be aware of, particularly related to downtown development, redevelopment of Park Place, neighborhood amenities, and business and retail location recommendations. Work with the planning department to review current zoning for potential barriers to green business and opportunities for flexibility.

ACTION: Review Kirkland's adopted economic policy and strategies to ensure that growth in jobs, industries, and retailers emphasizes "green" and/or "locally-grown" businesses, as well as green job creation.

ACTION: Develop benchmarks to more sensitively measure Kirkland’s economic progress, and ensure dynamic course corrections in a timely fashion. Since the basis of a sustainable economy is a strong and healthy, economy, benchmarks should include metrics such as: *economic diversity* (number of industries represented); *high wages*; *strong, stable tax base*; *broad range of services*; as well as the number of *green jobs*, *green businesses*, and *locally available green product types*. Alternatively, the City could follow Burlington, Vermont’s lead in adopting the Genuine Progress Indicator as the metric to measure economic health.

ACTION: Once the City has established targeted retail types, retail leakage can be addressed by: Identifying the physical needs of targeted retail types (floorplate, parking, building amenities); identifying appropriate center/areas/sites within the City; removing any obstacles for the redevelopment of those centers/areas/sites and providing guidelines to help ensure that redevelopment utilizes green building practices; and, considering what additional amenities the City can bring to those sites, such as bike trails, transit, innovative parking solutions, and other elements of green infrastructure.

ACTION: Target, as a matter of policy, business growth and job creation in clean energy and innovation, as well as those that meet the public’s desire for businesses in Kirkland that reduce the City’s ecological footprint, reduce waste, eliminate harmful materials and chemicals, provide green transportation and renewable energy options, and encourage healthy living. Engage with the Puget Sound Regional Council’s Growth Partnership for this purpose.

ACTION: Maintain pro-active City leadership in sustainable development by adopting or implementing one or two far-reaching economic development, urban planning, or green business practices policies. The policies should address the Kirkland community’s interest in zero-waste businesses practices, healthy lifestyles, and green (natural/non-toxic) materials, or promote the desirable community qualities identified in the survey responses:

- Pedestrian friendliness
- Alternative transportation
- Green historic preservation
- Unique community identity
- Integration of natural beauty
- Balanced in appropriate locations
- Active waterfronts
- Car-free downtown
- Resource efficiency and waste reduction
- Effective parking strategies
- Thriving and diverse commercial sectors

ACTION: Adopt “green” strategies to encourage retail growth that draws shoppers from nearby areas and better meets Kirkland resident needs. The resident survey results suggest that the areas of greatest unsupported demand due to lack of affordable options, variety, and quantity are: apparel, home furnishings, electronics/computers, hardware, and hobby items.

2. GREEN ECONOMY RECOMMENDATIONS

ACTION: Create near-term priorities that focus on green practices that can be implemented within existing Kirkland businesses to reduce waste, eliminate toxics, and efficiently use natural resources.

Assist existing businesses with implementation of green practices to help them save money – and bridge lean economic times. Examples of easy wins that the City should encourage through outreach include: composting in restaurants, purchasing food and other business supplies from local suppliers, reducing paper waste; eliminating disposable shopping bags, utilizing tax credits and other incentives for energy efficiency upgrades in facilities (whether leased or owner-occupied), utilizing tax credits and other incentives for installing solar hot water systems on buildings that use large amounts of hot water, and reducing potable water used for irrigation.

ACTION: Link the green business program with the City’s existing green building program, so business owners can get information on greening their businesses and their facilities in one place. Use the City website to link with other programs that can provide significant benefit, such as Washington State’s EnviroStars, PSE’s Energy Efficiency Incentives and EPA’s Climate Leaders, Energy Star, and Water Sense Programs.

ACTION: Conduct outreach to businesses through a series of educational seminars focused on easy wins and long-term operational strategies that provide significant savings and marketing benefits.

ACTION: Set a goal to have a percentage of all Kirkland businesses participating in the Kirkland Green Business Program by 2012.

ACTION: Choose one of the existing green building programs (such as the USGBC’s Leadership in Energy and Environmental Design or Built Green) as the model for Kirkland. Create a challenge to commercial building owners and businesses and home-based business owners to get their buildings certified under the appropriate program. Set a goal for having a percentage of all Kirkland business facilities participating in green building programs by 2012.

ACTION: Display participating green businesses on a map posted virtually on the City’s website and linked to other business groups (e.g. Kirkland Chamber of Commerce), as well as downtown organizations. Iconography informs residents and other business owners of the green products and services available within Kirkland.

ACTION: Foster networking of home-based businesses within the City’s green business program and provide seed funding for businesses that partner to obtain green office supplies, green office power, or explore material and waste exchange opportunities. Provide specific tools or actions to link home based businesses, such as a “Home-Business to Business” (HB2B) network. These tools should focus on environmentally preferred purchasing, bulk supply purchasing, waste reduction, and recycling. Offer “Sustainable home business of the year” recognition and networking meetings and incentives for participating businesses.

ACTION: Build on existing auto sales resources, knowledge base, and infrastructure by encouraging transition of this sector to alternative auto sales, maintenance, and light manufacturing. Provide the necessary zoning, incentives and supporting policies to help make that transition happen.

ACTION: Work with community organizations and partnerships to help foster green practices. Partners include Lake Washington Technical College (training & education), Paccar (hybrid trucks),

and Google (Green IT). The City can work with these community resources to develop, test, and promote voluntary green business practices.

3. MESSAGING RECOMMENDATIONS

ACTION: Develop business recruiting and community marketing messages that focus on Kirkland as a *green, safe, healthy, and active* community. Specific messaging should be completed upon completion of the Economic Sustainability Strategy. Strong messaging that builds on community feedback ensures consistency in how the City markets itself, and helps develop the “brand” of Kirkland’s sustainable economy.

ACTION: Market Kirkland as a prime “live/work” community. Home-based businesses can mean less commute trips, positively affecting the City’s carbon footprint. Home businesses also contribute to other local businesses, such as office supply and copy shops, lunch hour restaurants, and other daytime service providers. If homes in which businesses are operated are remodeled or constructed using green building techniques (promoted by the City’s green building program), the green message for home-based businesses can be even further enhanced.

ACTION: Create messages and educational materials to define the larger vision of economic sustainability as one that proactively fosters green businesses, green jobs, and green business practice.

ACTION: Create a tag line for the Office of Economic Development or the Green Business Program that builds on the momentum generated by the community outreach completed for this assessment, and highlights the City’s leadership in green business development, green building, and climate change actions. Examples include: “*We Mean Green Business*”, “*Green Economy, Green Future*”, “*Clean, Lean, and Green*”, and “*A Cooler Place for Business.*”

4. RECOMMENDATIONS FOR PHASE II AND NEXT STEPS

Phase II is currently planned to include four major goals:

1. Enhancing existing programs in the areas of climate protection, green building and green business recognition;
2. Instituting new programs in the area of business recruitment that result in the creation of green businesses and jobs;
3. Creating green purchasing and material exchange partnerships and other programs to sustain new and existing businesses;
4. Conducting outreach to residents, potential green customers, and local businesses to inform them of options.

ACTION: Tools for accomplishing the goals as stated for Phase II could include:

- Form a “Green Economy Team” of business owners, non-profits, and citizens to provide guidance and feedback for Phase II.

- In-depth focus group(s) to discuss the green business opportunities identified in the Assessment to test the viability of these ideas and hone in on realistic opportunities for Kirkland's Green Business Program.
- Interviews with the owners of existing green businesses in the Puget Sound that fit the descriptions of green business opportunities identified in the Assessment to determine what they are looking for in a location and what would attract them to Kirkland. Interviews with owners of similar green businesses located in Kirkland to determine what would keep them in Kirkland.
- Interviews with green business programs identified in the Assessment to determine specific tools they have used attracting green business opportunities identified in the Assessment and in-depth focus groups.
- Develop a toolkit of recruitment tools, starting with a basic kit that is pilot tested, and identifying in a wish list of tools that may be added over time.
- In-depth research on waste streams, in particular those that could potentially become resources or feedstock for new and/or existing businesses.
- Branding research to identify word associations, iconography, and other branding tools to help get the message out and call residents, potential green customers, and local businesses to action.
- Developing an informational campaign and a call to action that launches the effort. Introducing this at the 2009 Sustainable September or similar high-profile event would be opportune.

INTRODUCTION

In March of 2008, the City of Kirkland commissioned an Assessment of the sustainability of Kirkland's economy. The Assessment was funded through a grant received from the Washington State Department of Community, Trade, and Economic Development (CTED), and is the first phase of a two-phased effort to develop a City-wide Economic Sustainability Strategy. The second phase is anticipated to immediately follow Phase I. The Economic Sustainability Strategy will be presented to Council for approval in early 2009.

This report summarizes the results of the Assessment, including findings from qualitative and quantitative research on aspects of a sustainable economy. Research included surveys conducted with Kirkland residents and business owners, interviews with representative business leaders, an economic leakage study focused on retail services provided (and lacking) in Kirkland, and web or literature reviews to identify resources for sustainable economic development. Based on these findings, initial recommendations have been made for policy considerations, green economy strategies, and green economy messaging. Central to all recommendations is the idea that Kirkland's economy will benefit from expanding existing and attracting new green businesses, improving the sustainability of existing businesses through green practices, and messaging for the economic development and green business effort. The recommendations are provided to inform development of the Economic Sustainability Strategy in Phase II.

A variety of tools and process documents were developed to conduct the Economic Sustainability Assessment. These tools have been compiled in a separate report entitled "*Documentation of Process and Results for the Sustainability Assessment of the Kirkland Economy.*" The document serves as a resource for any economic sustainability assessment or sustainability strategy initiative that requires qualitative data gathering, and includes community outreach and meeting tools & displays, business and resident interview templates and results, survey templates and results, media releases, community meeting outcomes, and other worksheets.

KIRKLAND'S ECONOMIC CHALLENGE

The Assessment comes at a critical time for the City of Kirkland. While the City's economic vision of "*A strong, resilient, and diverse Kirkland economy with a healthy mix of businesses, varied job opportunities with good wages, a strong tax base, and a broad base of goods and services*"¹ is clear, economic conditions in the region (and nationally) make achieving this vision quite challenging. Retail sales in Kirkland are down significantly in the past year. This is a problem for retail business owners as well as the City as the City of Kirkland's financial health relies heavily on sales tax revenues. Affordable and workforce housing within the City is limited, and the housing market is in a slump, with the lending market tightening. While commercial development in the region is still healthy, the situation is tenuous due to the larger economic downturn. In addition, the Kirkland community's appetite for further commercial development within the City is mixed.

¹ The economic development vision is identified in the City of Kirkland Comprehensive Plan.

DEFINING SUSTAINABILITY & SUSTAINABLE ECONOMY

A number of communities and jurisdictions in the United States are engaged in efforts to encourage and foster sustainable, or green, economic development. The State of Oregon has instituted a progressive business tax credit to attract renewable energy industries to their state. Washington State has made renewable energy a key piece of its economic development plan, creating a net-metering law and waiving sales taxes on photovoltaic systems produced within the state. On a smaller scale, Whatcom County's Sustainable Connections group rewards businesses conducting sustainable practices with publication exposure and free marketing and advertising.

In addition, several communities nationwide and internationally have completed, or are in the midst of creating, community-wide sustainability strategies. In early July 2008, The City of Shoreline, WA adopted an Environmental Sustainability Strategy to guide all City planning efforts. Pierce County is in the midst of developing a County-wide sustainability strategy, and the City of Seattle has an internal Office of Sustainability and Environment to provide leadership and information to agencies, residents, households and businesses on how to use natural resources efficiently, prevent pollution, and improve the economic, environmental, and social well-being of current and future generations. Others have begun measuring the health of their economies with metrics that go beyond standard economic indicators to measure the "true" health of their community. For example, the City of Burlington (VT) uses the Genuine Progress Indicator (GPI) to measure social and environmental health of the City's economy.²

However, Kirkland's initiative in development of an *economic sustainability strategy* is a unique project that, to the best of our knowledge, has not been conducted elsewhere. For this reason, it is important to define a) sustainability and b) sustainable economy.

WHAT IS SUSTAINABILITY?

Sustainability is generally defined as meeting the needs of this generation without compromising the needs of future generations; ideally making things even better for those who come after us.

The term "sustainability" is rooted in ecology studies that commenced in the 70's, applying to the balance between the use of natural resources (or natural capital) in a particular ecosystem and availability of those resources on a renewable basis. When an ecosystem exceeds its "carrying capacity" – that is when it stresses its natural capital too heavily, either by consumption or degradation - its health declines.

In its common use today, the term has been broadened to encompass not just natural capital – or the environment – but social and economic capital as well. It is widely recognized that the health of

² Redefining Progress created the Genuine Progress Indicator in 1995 as an alternative to the gross domestic product (GDP). The GPI enables policymakers at the national, state, regional, or local level to measure how well their citizens are doing both economically and socially. Redefining Progress is a leading public policy think tank dedicated to "smart" economics. The organization develops innovative policies that balance economic well-being, environmental preservation, and social justice. www.rprogress.org.

each of these three forms of capital are inter-related. When one “leg” of the sustainable stool is out of balance, the stool doesn’t function as it should. In other words, to have a healthy society, all three aspects must be addressed and structurally sound.

Indigo Development, a consulting group that focuses on sustainable development practices and industrial ecology, defines a sustainable city as “...one in which improvement in the quality of human life is achieved in harmony with improving and maintaining the health of ecological systems; and where a healthy economy’s industrial base supports the quality of both human and ecological systems.”³ This is a wonderful vision for the City of Kirkland.

Fortunately for Kirkland, there is significant support for sustainability within Kirkland’s citizenry, business community, and government. Evidence of the citizenry’s interest in sustainability is clear in the surveys of Kirkland residents conducted for this Assessment as well as participation in a community meeting to discuss results. It is also reflected in the community’s support of the local farmer’s market, the school district’s award-winning green building efforts, environmental protection groups such as the East Lake Washington Audubon Society, and community events such as Sustainable September.

The Kirkland Chamber of Commerce is a major force in the Sustainable September project, a month-long business networking event that draws regional and local leaders together and includes a green collar jobs symposium, a retail eco-market, entertainment, tours of green homes and businesses, public education and “green” entertainment. Lake Washington Technical College has developed a renewable energy curriculum, and as such intends to be a key player in developing the region’s “clean energy” capacity.

The City has launched green business and green building programs, and has taken significant actions to manage its natural resources through protection, conservation, restoration and open space acquisition; reduce its carbon footprint through green fleet and transportation management; and promote the three “Rs” (reduce, reuse, recycle).

These efforts provide a good basis for addressing Kirkland’s economic challenges using a sustainable approach, resulting not only in a stronger economy, but also laying the ground work for evaluating and improving long-term investments in the community’s natural and social capital.

WHAT IS A SUSTAINABLE ECONOMY?

Sustainability economies are at their basis, healthy economies – strong, resilient, and diverse – that include and support a network of local *green businesses*, good *green jobs*, and best *green business practices*.

³ Indigo Development: Creating Systems Solutions for Sustainable Development through Industrial Ecology. Sustainable Communities. <http://www.indigodev.com/Sustain.html>.

Green businesses offer green products and/or green services. Examples include a car dealer that exclusively offers green cars for sale, a contracting business specializing in solar hot water installation, or an interior design business focused on using healthy finishes.

Green jobs are primarily found in green businesses, but not necessarily. For example, a developer who wants to create a green mixed use development might hire a sustainable building professional on staff. The entire organization may not be about delivering green projects, but the organization does have a commitment toward sustainability. An architecture firm may do the same, even though not all of its projects are green. Green jobs can run the gamut of job types: sales, professional services (e.g. environmental law), technical consulting, R&D, manufacturing, education and/or outreach (e.g. environmental education), as well as construction and other hands-on trades. Green jobs are frequently referred to as *green-collar jobs*.⁴ Green-collar jobs are typically defined as historically blue-collar jobs within organizations or businesses that improve environmental quality, such as wind turbine manufacturer, mass transit operator, solar panel installer, or native landscape specialist. Green-collar jobs are playing an increasingly important role in jurisdictional efforts to redefine their economies or keep jobs within their communities, or within the U.S.

Green business practices can apply to any business type and describes operations that reduce a business' consumption of resources (materials, energy, water), as well as waste output. Businesses supplying local products can also enhance the sustainability of a green economy, even if the product isn't explicitly "green," by reducing the footprint of its customers. Virtual or home-based businesses have relatively small footprints, especially if they share resources with other small businesses, such as using the same copy shop down the street, or renting a conference room in a local business center. Deliberately locating a business near mass transit (and rewarding shoppers for taking the bus or light rail) would be a means of reducing the footprint of a retail store depending on regional sales, and not just local residents. A big box store can mitigate its footprint by using its generally large roof to generate electricity or collect and treat stormwater.

The value of a sustainable approach to economic development in Kirkland is that it offers community businesses the opportunity to reduce operational expenses, be more competitive, and be a vital part of the social texture of a community.

The value of a sustainable approach to economic development in Kirkland is that it offers community businesses the opportunity to reduce operational expenses, be more competitive, and be a vital part of the social texture of a community. Resource conservation, competitive edge, and social responsibility are all aspects of sustainable economies that can help buoy local businesses in a time of economic uncertainty.

⁴ The term was first coined in Alan Durning's book "Green Collar Jobs," published in 1999. It has recently been popularized by Oakland-based leader Van Jones, who focuses on the promise of manual-labor jobs in green businesses and industries to serve as a pathway out of poverty.

Sustainable economic development also offers global benefits that go beyond Kirkland's physical boundaries, including:

- Less dependence on the global economy (localization)
- Less dependence on non-renewable resources
- Elimination of materials and chemicals harmful to humans and the environment
- Smaller ecological footprint (e.g., reduced waste stream)
- Contributing to a more socially responsible society

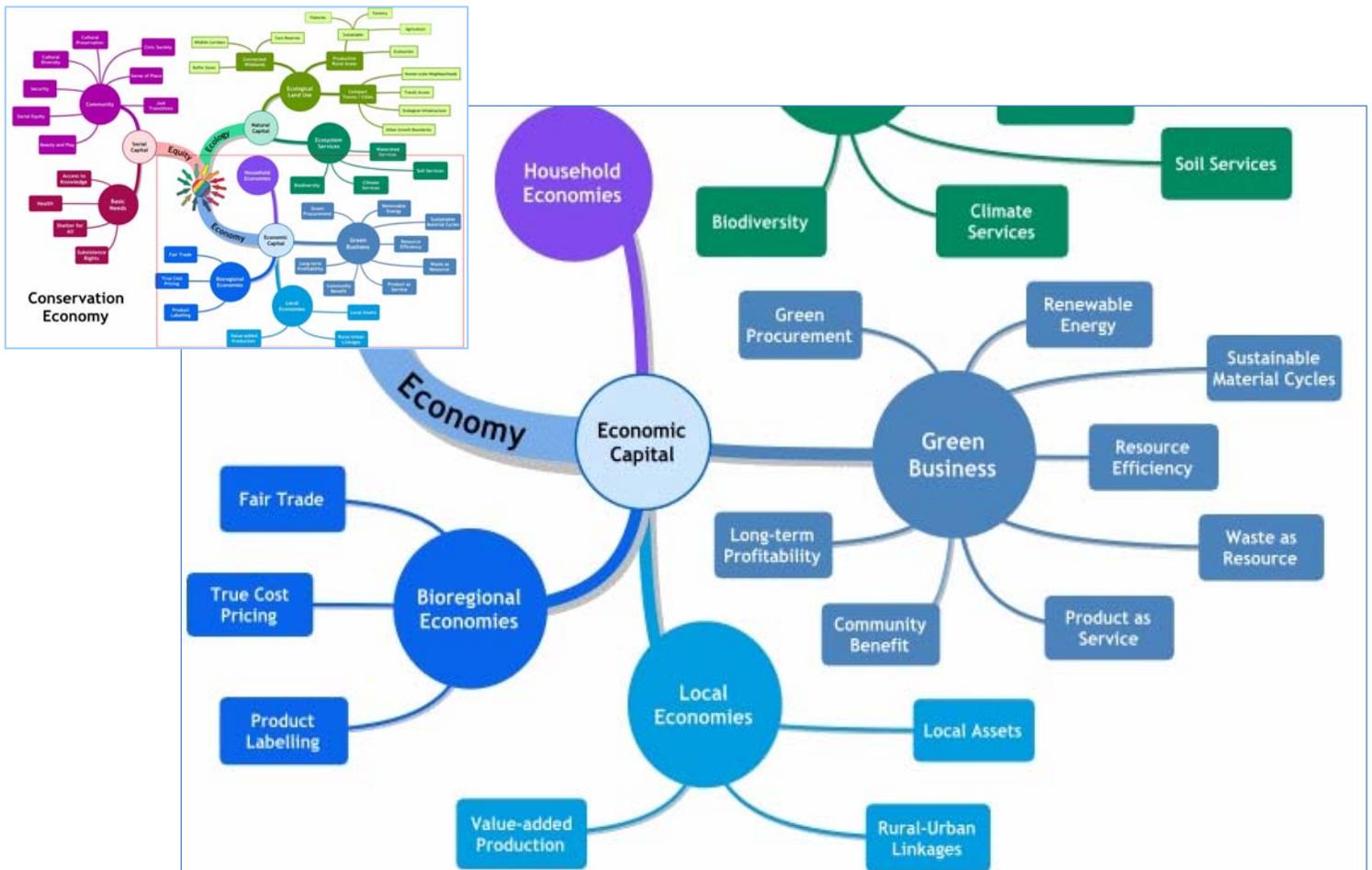
ASSESSMENT APPROACH

The Assessment includes qualitative, quantitative, and literature research gathered during a four month period in spring 2008. This section provides information on the project scope and methodologies used.

ASSESSMENT SCOPE

A helpful visual model showing the elements of a sustainable economy is the Economic Capital segment of Stuart Cowan’s Conservation Economy Model (Appendix B). Cowan’s model has served as the basis of community sustainability strategies, localization studies, resource use reduction studies, business cluster development, waste reuse initiatives, conservation market studies, ecological economy studies, cradle to cradle design efforts, and green business program developments. The model illustrates the three primary aspects of sustainability: social capital (pink), natural capital (green), and economic capital (blue).

Figure 1: Economic Capital Section of the Conservation Economy



Source: Ecotrust.

www.conservationeconomy.net

The scope of the Sustainability Assessment of the Kirkland Economy focused on the Economic Capital section of this model, as illustrated in Figure 1.

The Assessment addressed the following questions:

- To what extent are the goods and services that Kirkland residents need (or purchase) available within the city?
- To what extent are Kirkland businesses engaged in green practices?
- What are the primary barriers/opportunities to increasing green business practices, and what current Kirkland businesses have these characteristics?
- What are opportunities to increase business revenue in Kirkland, for businesses and also for the City through tax revenue? Within those opportunities, what businesses are green in practice or contact that Kirkland can target?
- What is the current level of green business activity in Kirkland? In other words, to what extent are there businesses that focus exclusively on providing green products and/or services?

The Assessment did not evaluate the social or environmental capital of the Kirkland community. However, many social and environmental capital concerns were identified by community meeting and survey participants, suggesting that the City of Kirkland may want to expand the economic sustainability strategy into a full scale community sustainability strategy in the future.

METHODOLOGY

The consultant team devised a four-month, six-task approach that included the following research, survey, analysis, and community outreach methodologies.

1. On-line community surveys directed at Kirkland residents and business owners/operators.

Two separate 15 to 20-minute surveys were developed for Kirkland residents and for Kirkland businesses and organizations.

The survey for Kirkland residents questions focused on identifying early community visioning elements for a sustainable future of the Kirkland economy, as well as shopping habits such as where residents shop, how they access these areas, and what types of goods and services they would like to have available within the City of Kirkland.

The business owner/operator survey included questions about what a sustainable Kirkland economy could look like, what types of sustainable practices existing businesses are implementing, practices they would like to implement if the City could provide assistance or incentives for them, and whether there are business resources that could be shared between Kirkland businesses to conserve resources or reduce waste.

The surveys were hosted on www.SurveyMonkey.com with a one-month response period between May 3rd and May 31st, 2008. The surveys were advertised and distributed using the following methods:

- A survey notice and electronic links were posted on the City of Kirkland Website
- Survey notices and electronic links were sent to the Kirkland Chamber of Commerce, Kirkland Downtown Association, and The Kirkland Alliance of Neighborhoods, with the request that these organizations distribute the survey announcement and link via their existing member email lists;
- Hard copies of the survey and notices announcing the website link were distributed to downtown merchants by Kirkland Downtown Association staff on May 4th, 2008.
- A City media release announcing the survey and inviting residents and business owners to participate was distributed via the City's Media Relations Program. A notice appeared in the Kirkland Reporter on May 7, 2008.

277 Kirkland residents and 77 Kirkland businesses completed the survey. These participation numbers are impressive given the brief community notification and outreach period, and 30-day survey response timeframe. However, survey participation was bit imbalanced demographically, and results should be used as informative, rather than relied on statistically. The surveys and survey outcomes are included in a separate report entitled *"Documentation of Process and Results for the Sustainability Assessment of the Kirkland Economy."*

2. Economic leakage study and demographics analysis

An economic leakage analysis was completed to determine weaknesses in the local economy, identified by the amount of sales tax and income that is "leaking to other communities" when Kirkland community members purchase goods outside of the City of Kirkland. To calculate leakage, Income information from the Environmental Systems Research Institute (ESRI) Business Information Solutions was used to determine spending potential, and compared with actual sales within the City of Kirkland.

As part of this leakage study, analyses of employment trends, area demographics, and lifestyle preferences were also completed to provide contextual background for the leakage study and to compare the City of Kirkland to trends seen in neighboring communities of Bellevue and Redmond. The results of the demographic analysis and conclusions are included in Appendix A.

3. Attend community meetings

Members of the consultant team attended a Kirkland Business Round Table meeting on May 9th, 2008 to announce the project and encourage the 15 Round Table members to complete the survey. A project presentation and overview was also provided at the Kirkland Alliance of Neighborhoods Annual meeting on May 14th, 2008. This meeting included representatives from each Kirkland neighborhood, as well as approximately 20 additional community participants.

Several other community groups were contacted for inclusion of this project in their upcoming meetings. The brief contract performance period proved to be challenging for adding this project to their meeting agendas. However, announcement of the City's effort and invitation to participate

were made at the May 22nd Board Meeting of the Chamber of Commerce Meeting, and the Kirkland Downtown Association Meeting on May 21, 2008.

4. Business owner interviews

The consultant team completed five phone interviews with existing business owners located within the City of Kirkland. A separate set of questions were developed for these interviews, with a more narrow focus on the green services they already offer, which ones they would be interested in pursuing, how the City could help make them become more sustainable, and what green niches they could identify for the Kirkland Economy. The interview questions and interview results are included in the separate report, *“Documentation of Process and Results for the Sustainability Assessment of the Kirkland Economy.”*

5. Community workshop

On June 5th, a two-hour community workshop was held to introduce the project, share the initial survey results, generate enthusiasm for the project, and collect initial vision ideas for a Sustainable Kirkland Economy. Approximately 30 community members attended the interactive workshop in the Council Chambers of Kirkland City Hall. Project information was provided at four staffed stations, each with a flip chart to encourage participant feedback. In addition, a work station with a City map (Figure 2) and the Conservation Economy graphic (Appendix B) encouraged attendees to interact, brainstorm, and record ideas related to current and future economic capital and sustainable business opportunities, and resources that already exist within the City.

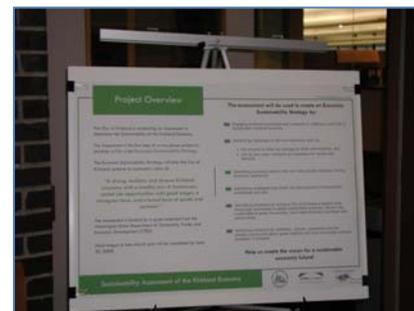
The workshop included a project overview and early findings presentation followed by questions and answers. It also served as another opportunity to complete the project surveys.

A complete set of meeting materials and feedback received is included in the *“Documentation of Process and Results for the Sustainability Assessment of the Kirkland Economy”* report. The results of this meeting can be used to begin development of a collective community vision of the Sustainable Kirkland Economy in Phase II.

6. Research on green business programs and tools implemented by other jurisdictions and municipalities

Through the months of April and May, the consultant team conducted research on green business programs, tools, or

Figure 2: Community Visioning Map



A number of stations were provided with boards or maps to showcase project information and early findings at the community workshop.

resources that other jurisdictions are using and identified those that could serve as models for the City of Kirkland's efforts. These resources are compiled in Appendix C: Applicable Resources.

7. Initial recommendations to encourage sustainable economic development

The consultant team compiled initial recommendations related to development of relevant economic development policies, green economy and green business, and messaging. Central to these recommendations is the idea that Kirkland's economy will benefit from expanding existing and attracting new green businesses, improving the sustainability of existing businesses through green practices, and providing a transparent and inspiring message to support development of a green economy. The recommendations are provided to inform development of the Economic Sustainability Strategy in Phase II.



Economic Development Director Ellen Miller-Wolfe describes the project's goals to community workshop participants.



Community members network before the community workshop.

SUSTAINABLE COMMUNITY VISIONING

A number of community outreach, business owner interview, and survey questions were designed to identify themes that might inform a vision for the development of the Kirkland Economic Sustainability Strategy. It was clear that most survey respondents were familiar with the term sustainability, in particular the natural and social capital elements.

The term “Economic Sustainability” appears to be less understood as a distinct element of sustainability. This is reasonable, as the phrase “sustainable economy” is often to describe an economy that is lasting and healthy. Few comments specifically addressed economic capital, and questions related to economic capital were more often skipped than those related to natural and social capital. Responses to economic visioning questions frequently pointed to overall community sustainability indicators.

As the City goes forward with Phase II, it will be important to create an educational campaign that defines the larger vision of economic sustainability as one that proactively fosters green businesses, green jobs, and green business practice (See messaging recommendations). Interestingly, most respondents had awareness of, and support for, *components* of economic sustainability, such as green businesses.

Respondents had a high level of awareness of sustainability, green building, and green businesses and green practices. Responses to vision-related questions are characterized below, organized in two topic areas: *sustainable community* and *sustainable business and economy*. Although not the primary purpose of this Assessment, they are informative. These themes highlight the respondents’ strong interest in a City-wide community sustainability strategy that drives future development of infrastructure, the built environment, as well as Kirkland’s identity as a sustainable or green community.

SUSTAINABLE COMMUNITY

Comments regarding sustainable community related to urban planning, environmental protection, and sustainability in general. Key themes included urban planning concerns such as density, parking, and historic preservation, as well as green City leadership and being a model community,

Urban Planning: Comments on urban planning related to scale and preservation of traditional character. One opportunity identified was green historic preservation – updating older buildings to become more energy efficient, but maintaining their original character. On a larger scale, logical grouping of stores for ‘one stop shopping’ and multipurpose shopping needs was encouraged. Respondents felt the downtown should be kept relatively small scale and larger stores should be located at Totem Lake. The Totem Lake Mall could be refurbished to prevent people from needing to drive to Redmond or Kirkland for larger retail stores, and convenience retail should be available in neighborhoods.

Parking concerns and traffic congestion dominated references to urban planning and economic development concerns for downtown. Both can be resolved by providing outlying parking with easy

access to pedestrian-only shopping areas. Several references were made to Kirkland having the opportunity to create the nation's "first" car-free downtown.

Other urban planning vision elements included planning for diversity in population, well integrated green spaces in urban cores, and providing increased trails, rail, or transit options to draw people into Kirkland via alternative modes of transportation.

Density: There is a density debate in the Kirkland community resulting from the proposed new retail and office space development at Park Place. This development is controversial because it is requesting a zoning amendment to increase building heights in the downtown core to accommodate increased density. The Park Place development debate is on the forefront of many planning decisions for the City of Kirkland and was heavily referenced in the results of the community outreach conducted for this Assessment.

Respondents to the survey had strong feelings about keeping the density within downtown Kirkland to its historic 1- to 2-story scale. Rapid addition of new condos in downtown Kirkland was identified as changing community character, causing congestion, and reducing housing affordability downtown. The primary concern among proponents of the existing scale is preservation of community identity, safety, water views, and waterfront access. Others responded that increased downtown density is a sustainable response to growth, encouraging pedestrian access to shopping and drawing more services, such as restaurants.

Regardless of how this debate unfolds, coining the City's identity, commitment to the environment, and balanced development with open space and opportunities for active recreation is a common thread.

Green Leadership: References were made to Kirkland being a leader in green building and green city government, and that this was appreciated. Zero waste businesses practices and reduced impact on the environment from increased recycling practices and green (natural/non-toxic) materials use are of high priority.

Model Communities: Several communities were listed as model communities for the City of Kirkland: Boulder (CO), Santa Monica and Sausalito(CA), Philadelphia (PA), Walla Walla (WA), Curitiba (Brazil), Vancouver (BC) Portland (OR), Redmond, Bellevue, Bothell, Edmonds, Bainbridge Island, Renton, and Woodinville (WA), Ithaca (NY), Charleston (SC) Scottsdale (AZ), Stockholm, Oslo, and Copenhagen (Scandinavia), The Hague (The Netherlands) and the Seattle neighborhoods of Ballard and Madison Park.

Characteristics highlighted as desirable qualities in these communities included pedestrian friendliness, alternative transportation, historic preservation, unique identity, integration of natural beauty, balanced density, active waterfronts, car-free downtowns, effective parking strategies, thriving and diverse commercial sectors, architecture, and demonstrating pro-active City or international leadership in sustainable development.

SUSTAINABLE BUSINESS & ECONOMY

Four themes rose to the surface when respondents were asked: “What does a sustainable Kirkland economy mean to you?”: environmental impact, diverse and local business activity, easy access, and City & business accountability and engagement.

- 1. Focus on reducing environmental impact:** Waste reduction in business practices as well as business efforts to recycle and reuse local products were highlighted as priority areas for developing a sustainable business community. Businesses should focus on the environmental impact of their practices and take responsibility for the waste they generate.
- 2. Diverse, locally supported businesses:** Promoting development, and citizen support, of diverse local businesses was identified as a priority. Suggestions included attracting competitively priced services and business that have a broad, rather than niche, appeal and developing the economy in a way that enables citizens to obtain all daily needs in Kirkland at affordable prices. The economy should have a diverse mix of stores that service basic residents’ needs and are attractive to tourists.
- 3. Easy access:** Ease of parking, pedestrian access to stores, and clustered, dense development with perimeter parking were identified as ways to encourage pedestrian access to businesses. This would in turn lead to increased local support for local business.
- 4. City & business accountability and engagement:** Holding building and land owners accountable for decisions that affect the health of the local economy and the environment was identified as a task that the City could take on. The City was also encouraged to become a regional leader in guiding business expansions and new economic development with green standards and incentives that ‘push the envelope.’ The City could also engage local businesses in the promotion of green activities happening in Kirkland.

PHASE I: ECONOMIC ASSESSMENT

Keeping in mind that the basis of a sustainable economy is a healthy economy, it is important to have a clear picture of the baseline. The Assessment of the sustainability of the Kirkland economy was completed to determine this baseline and to analyze Kirkland’s economic conditions, retail leakage to other communities, and business practices.

KIRKLAND ECONOMIC CONDITIONS

This section provides context for understanding Kirkland’s economic conditions, including its economic make-up, job housing ratio, distribution of employment across industrial sectors, and trends in employment growth and sales tax revenue.

KIRKLAND ECONOMIC SITUATION

Nearly one-third of all business licenses within the City of Kirkland are related to home-based businesses.⁵ These home-based businesses mostly provide consulting services, ranging from engineering, business development, management, and marketing, to catering, event planning, and personal training. The multitude of home businesses in Kirkland poses challenges and opportunities in greening the economy. Since home-based businesses are generally small, promoting green activities requires more outreach to reach them, and more effort to create similar impact when compared to larger firms with more employees and a widespread customer base. On the other hand, most home businesses do not manufacture products or use many resources, and they do not produce much waste. They are inherently greener, and are largely responsible for the current “greenness” of the Kirkland economy.

In terms of economic diversity, the Kirkland economy shows a weakness in the number of industries present. Nearly one-third of all business tax revenues are generated from auto sales.⁶ As auto sales vary greatly depending on economic conditions, the City of Kirkland’s tax revenues are subject to significant fluctuations. Diversification is necessary for a more stable tax revenue source.

The City of Kirkland has enjoyed a temporary influx of construction jobs and revenues due to WSDOT’s I-405 widening Nickel Project. The 2006 data used for this Assessment may show construction as a % of total employment at a level that likely will not be sustained over a multi-year period.

⁵ Based on July 2008 Kirkland Business License Data, provided by the City of Kirkland.

⁶ Identified in the Phase I Economic Leakage Study prepared by E.D. Hovee & Company, and referenced on page 32.

JOBS HOUSING RATIO

In 2006, there were just over 32,000 jobs in the City of Kirkland.⁷ With an estimated 22,150 households in 2006, Kirkland's jobs-housing ratio was 1.45. A jobs-housing ratio is a basic measure of a jurisdiction's economy that indicates the extent to which local jobs are available for local households. Current City policies promote a high jobs/housing ratio.

With a ratio approximately equal to that of King County, the data describes Kirkland as a community with a healthy commercial sector, rather than either a bedroom community or a regional jobs center. The average actual employed persons per household is likely close to the 4 County⁸ jobs housing balance (1.18); this geography is large enough that the majority of its residents likely work within its boundaries.

Jurisdictions often target a high jobs-housing balance because commercial development generally provides greater tax revenue and requires less in the way of public services than residential development. A high jobs housing balance also supports policy objectives such as reduced commutes.

Figure 3. Comparative Jobs-Housing Ratio

Jurisdiction	Population	2006		Jobs-Housing Balance	2000 Jobs-Housing Balance
		Household Estimate	Jobs		
Bellevue	117,000	49,367	118,632	2.40	2.55
Bothell	31,690	12,625	23,695	1.88	1.70
Kirkland	47,180	22,150	32,050	1.45	1.61
Issaquah	19,570	8,621	18,668	2.17	3.04
Redmond	49,890	21,412	81,814	3.82	3.76
King County	1,835,300	767,908	1,149,642	1.50	1.58
4 County	3,524,000	1,413,899	1,662,879	1.18	1.27

Note: Household estimate is based upon 2006 State of Washington Office of Financial Management (OFM) population estimate and 2000 Census average household size.

Source: Puget Sound Regional Council, Washington Office of Financial Management, Census, E.D. Hovee & Company, LLC.

While comparable to the county average, Kirkland reports a jobs-housing ratio below other east King County cities. These range from a low of 1.88 for Bothell to the even more substantial employment center of Redmond, which reports a very high jobs-housing ratio of 3.82.

⁷ 2006 is the most recent year for which City-specific employment (ES-202) data is available. The data is collected by the state via the Washington Unemployment Insurance Act. As such, it describes firms, organizations and individuals whose employees are covered by this act. The Puget Sound Regional Council then geocodes ES-202 data to provide city-specific employment estimates. However, there is some lag in this process.

⁸ The four counties referenced for this study include: King, Snohomish, Pierce, and Kitsap counties.

For all geographical areas but Bothell, ratios have decreased since 2000, indicating that most jurisdictions realized greater residential than employment growth (which has largely been stagnant) between 2000 and 2006.

EMPLOYMENT BY SECTOR

Kirkland jobs comprise just 2% of the four-county region's employment base and 3% of King County's job base. The 32,000 in-city job figure includes both full and part-time employment. It is based on employees covered by the Washington Unemployment Insurance Act (WUIA); as such it omits self-employed workers, proprietors, CEOs, and other non-insured workers.⁹ It is estimated that covered employment represents 85-90% of the true total employment figure (which would result in 2006 Kirkland employment of 35,600 – 37,700).

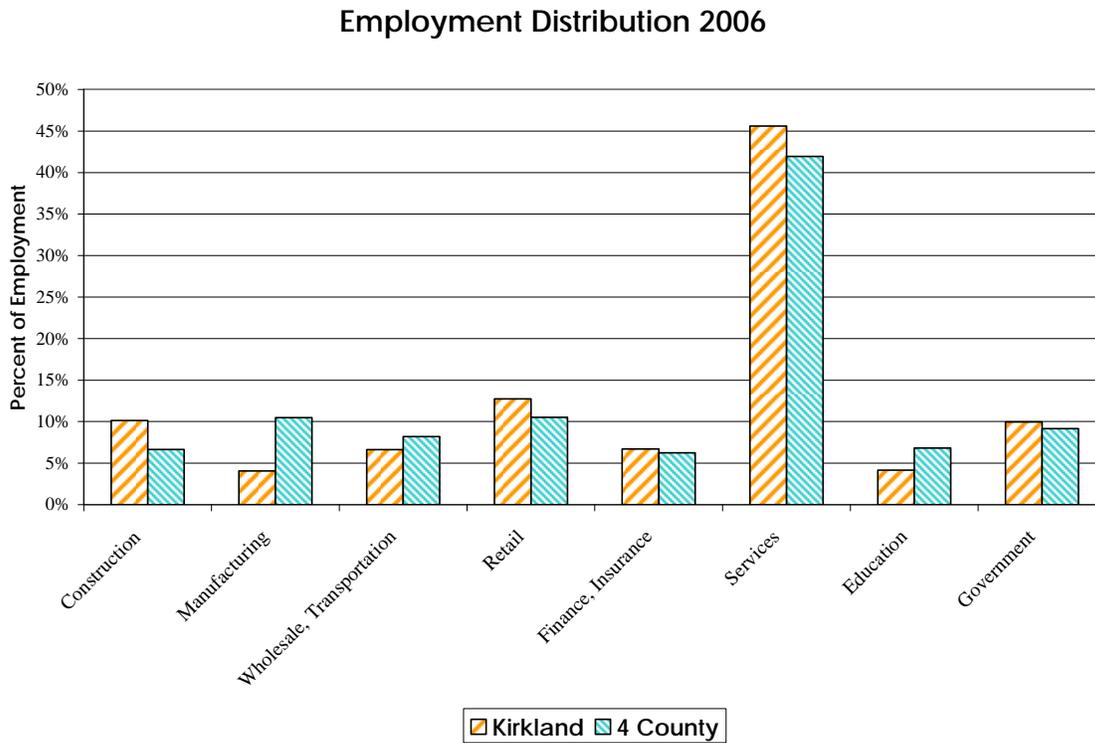
Kirkland's economy deviates from that of the larger region most substantially in the following ways:

- Higher share of construction jobs¹⁰
- Significantly lower share of manufacturing jobs
- Slightly higher share of retail jobs
- Slightly higher share of service jobs, particularly better paid 'Professional, Scientific and Technical Services' combined with lower wage (including part-time workers) in 'Accommodation and Food Services' (Due, in part, by a high number of home-based businesses.)
- Lower share of educational jobs
- Higher share of home-based businesses

⁹ Considering that the Kirkland Economy represents a large number of home-based business, the reflected percentages based on the WUIA reflect less than actual employment numbers within the City.

¹⁰ Due to the I-45 construction project, construction as a % of total employment may temporarily be inflated and this ratio will likely reduce upon project completion.

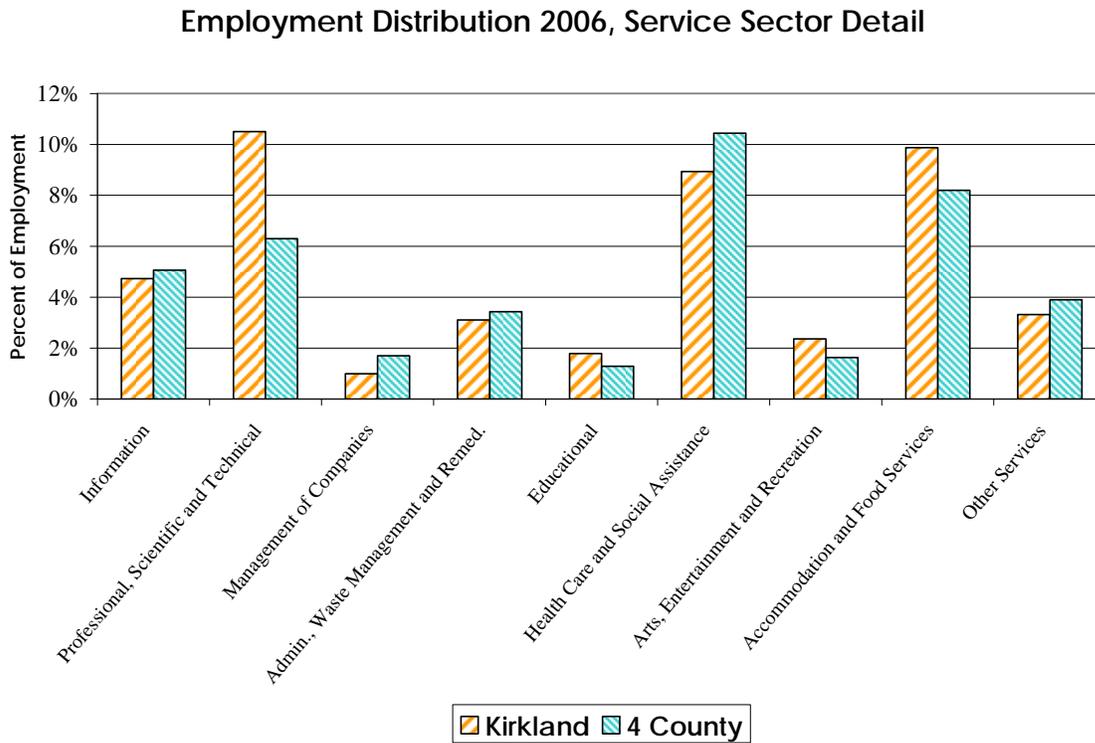
Figure 4. Kirkland vs. Four-County Job Distribution (2006)



Source: Puget Sound Regional Council, E.D. Hovee & Company, LLC.

The services sector is now the City’s largest economic sector; in Kirkland this sector is especially well-represented at 46%, versus 42% for the four-County region. The following chart provides additional detail on types of service employment. It illustrates that Kirkland has attracted a relatively large share of professional, scientific and technical services (close to double the regional average), and is somewhat over-represented in accommodation and food services and educational services (which encompasses non-public educational services).

Figure 5. Service Sector Job Distribution Detail (2006)



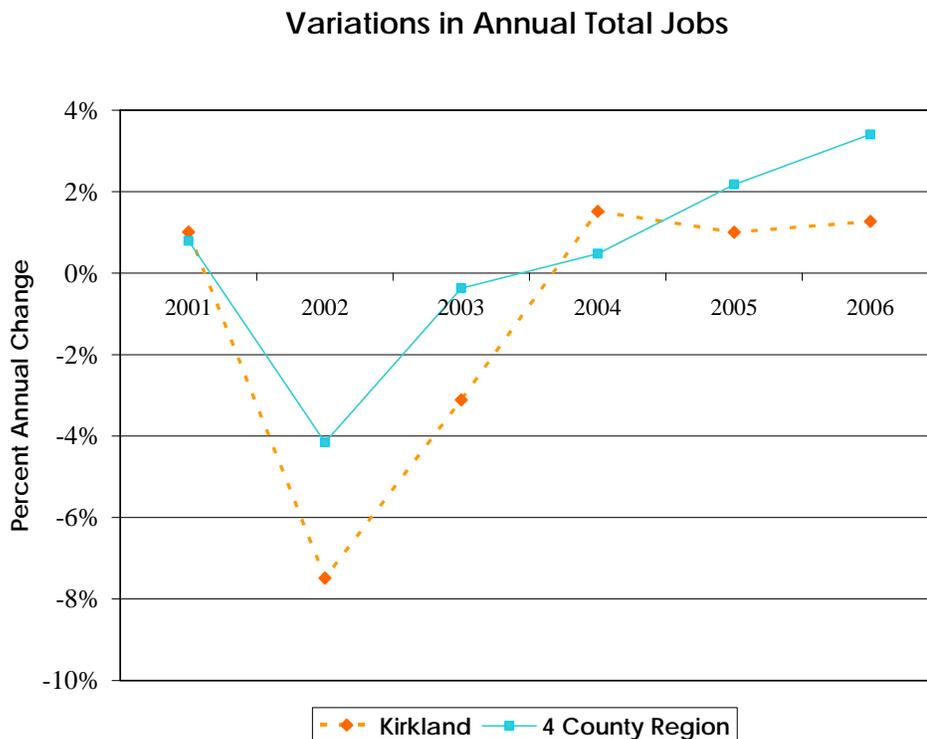
Source: Puget Sound Regional Council, E.D. Hovee & Company, LLC.

An issue for the City of Kirkland to consider is to what extent there is interest in or community benefit from more closely mirroring the larger regional economy, versus continuing to attract the professional services, retail and food services that are well-represented in Kirkland (or for which the City already has some demonstrated competitive advantage).

EMPLOYMENT TRENDS

Annual Job Growth 2000-2007: The following table describes annual job growth since 2000 for both Kirkland and the four-county region. It indicates that in 2002, Kirkland employment fell 8%, twice the decline experienced on a regional level. In 2005 and 2006, Kirkland’s employment growth has not kept pace with regional employment growth. However, the City exceeded the regional growth rate in 2004.

Figure 6. Employment Variation (2000-1006)



Source: Puget Sound Regional Council, E.D. Hovee & Company, LLC.

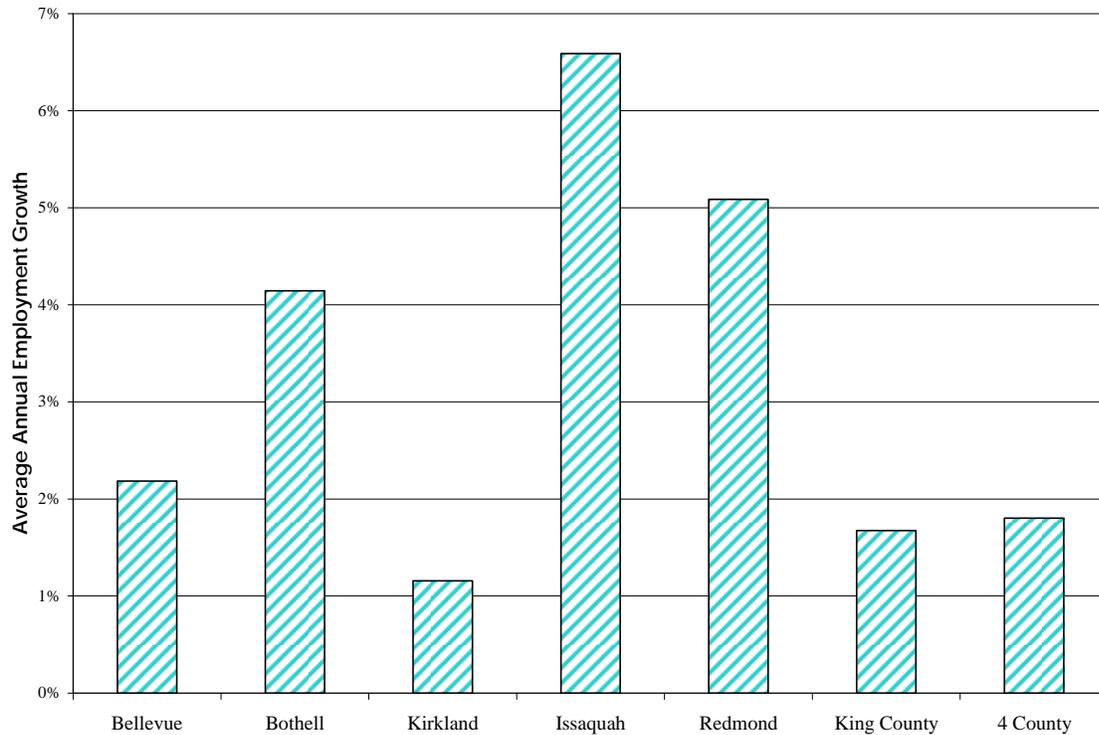
Sectoral distribution of employment represents one element of economic stability. Kirkland's losses do not appear related to lack of diversification; however, losses were experienced across multiple job sectors between 2000 and 2006:

- Manufacturing (-1,116)
- Retail (-1,164)
- Services (-307)
- Wholesale, Transportation and Utilities (-855)

Average Annual Job Growth 1995-2006: City-specific employment totals are also available for 1995, providing a longer timeframe with which to track trends (although not annually). This longer time frame (1995-2007) includes the strong growth experienced during the late 90s, and would be expected to paint a more optimistic picture of employment trends.

The following table compares average annual employment growth within east County cities as well as King County and the region during this longer time period. Kirkland's average rate of annual job growth is the lowest of all comparison geographies at 1.2%.

Figure 7. Average Annual Employment Growth (1995-2006)



Source: Puget Sound Regional Council, E.D. Hovee & Company, LLC.

The following table provides greater detail on trends within Kirkland's jobs base over this time frame. Growth is reported for the period as a whole and for multi-year segments. For the period as a whole, Kirkland experienced the highest rate of growth in:

- Professional Services (+1,864 jobs)
- Construction (+1,231 jobs)
- Information (+924 jobs)
- Arts, Education and Recreation (+494 jobs)
- Educational Services (+433 jobs)

These are all sectors for which Kirkland already had strong competitive presence – and for which the Kirkland comparative advantage has been further solidified.

Sectors experiencing lower growth rates but strong gains in terms of job numbers (low growth rate is due to larger initial jobs base) include:

- Healthcare and Social Assistance (+1,025 jobs)
- Government (+1,110 jobs)

Figure 8. City of Kirkland Job Trends (1995-2006)

Sector	Annual Change				Total Growth
	1995-2006	2003-2006	2000-2003	1995-2000	1995-2006
Construction	4%	12%	-8%	8%	1,231
Manufacturing	-5%	-12%	-8%	2%	(906)
Wholesale, Transportation, Communications, Utilities	1%	1%	-11%	10%	283
Retail	1%	-1%	-7%	6%	323
Finance, Insurance, Real Estate	2%	0%	10%	-2%	410
Services	1%	2%	-3%	2%	1,305
Information	9%	5%	-10%	25%	924
Professional, Scientific and Technical Services	8%	2%	-8%	21%	1,864
Management of Companies and Enterprises	-14%	7%	6%	-33%	(1,309)
Administrative and Support and Waste Management and Remediation Services	-4%	8%	0%	-13%	(599)
Educational Services	14%	2%	4%	28%	433
Health Care and Social Assistance	4%	3%	4%	5%	1,025
Arts, Entertainment and Recreation	10%	-3%	17%	14%	494
Accommodation and Food Services	3%	0%	-4%	9%	839
Other Services (except Public Administration)	-1%	4%	-8%	0%	(191)
Education	0%	1%	0%	0%	47
Government	4%	-1%	6%	6%	1,110
Total	1%	1%	-3%	4%	3,804

Source: Puget Sound Regional Council, E.D. Hovee & Company, LLC.

Several Kirkland industry sectors declined in employment over this longer period (1995-2006). These include:

- Manufacturing (-905 jobs)
- Management of Companies and Enterprises (-1,309 jobs)
- Administrative and Support, etc (-599 jobs)
- Other Services (-191 jobs)

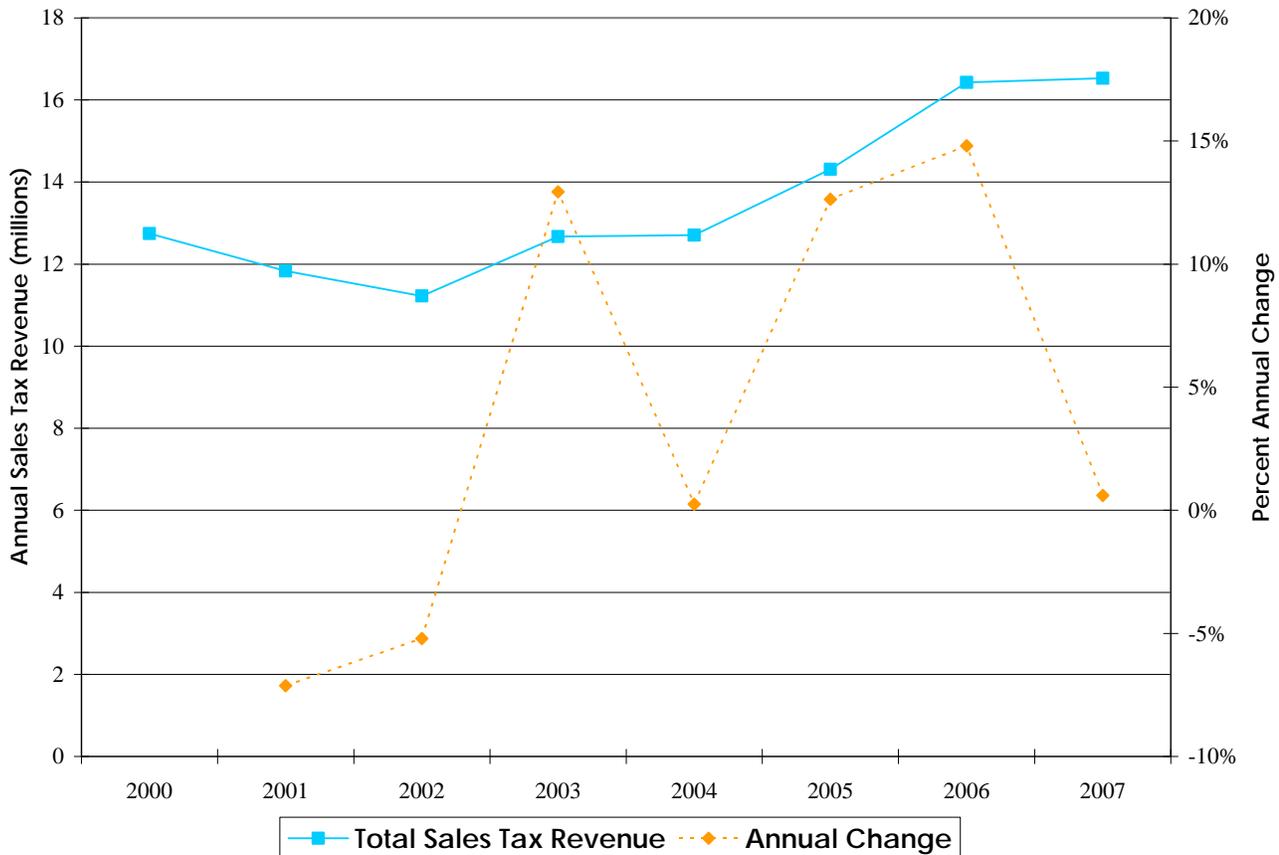
The decline in manufacturing jobs mirrors state and nationwide trends. Washington State's manufacturing base decreased by 1.2% annually during this eleven year period, albeit a less rapid decline than Kirkland has experienced (a 14% versus 41% total decline).

The remaining sectors that experienced decline are likely influenced by changes in one or a small number of companies rather than what could appear as a larger structural change in Kirkland's jobs base. In all of these sectors, a significant decline is reported in one time segment only, rather than sustained trend of job loss.

SALES TAX REVENUE

From a public services and funding perspective, the generation of sales tax revenue may be the most salient feature of an economy. Data is available for 2000 through 2007. As with employment, sales tax revenue experienced the greatest declines in 2001 and 2002. Since that decline, year-to-year changes have been erratic: close to stagnant in 2004 and 2007, and 13% or greater in 2003, 2005 and 2006. The average annual growth rate since 2002, the last year of actual revenue decline, has been just over 8%.

Figure 9. Total Annual Sales Tax Revenue (2000-2007)



Source: City of Kirkland, E.D. Hovee & Company, LLC.

In 2007, the largest contributor to sales tax revenue was retail sales (which generated \$8.9 million in 2007). Within this category, auto and gas sales comprise 37% of revenue. Restaurants and bars comprised 15%, and 'general merchandise' and 'other merchandise' contributing the remainder.

Retail sales tax revenue has grown at an average of 5.5% annually since 2002. While a relatively healthy rate, this is still the City's overall average growth rate for sales tax revenue.

Figure 10. Components of Total Sales Tax Revenue, 2007

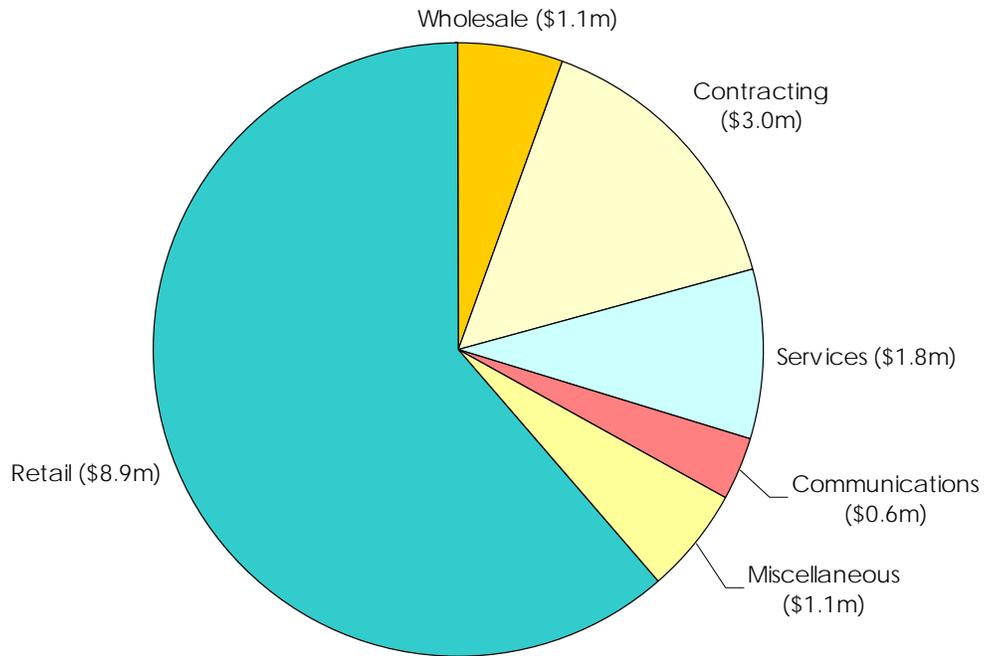
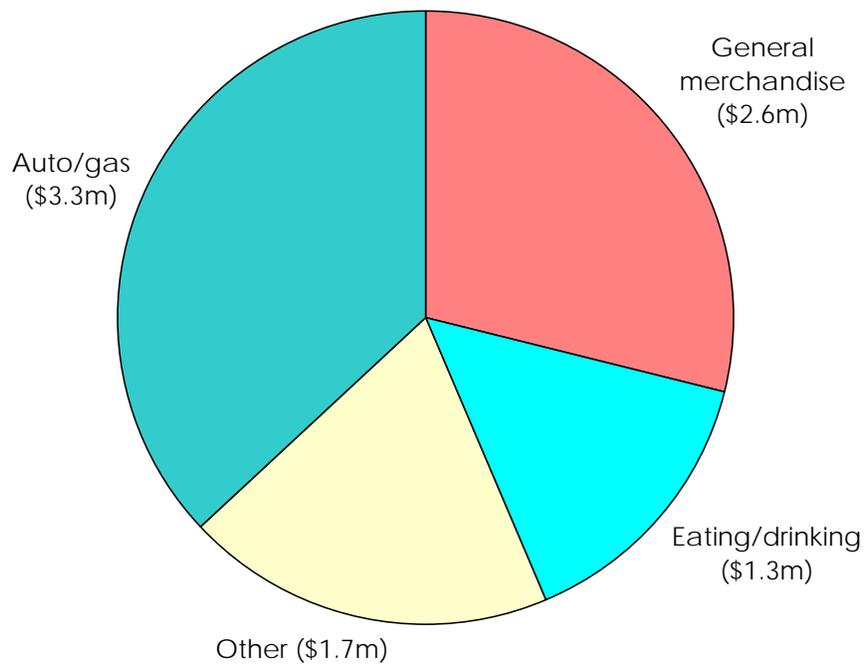


Figure 11. Components of Retail Sales Tax Revenue, 2007



Source: City of Kirkland, E.D. Hovee & Company, LLC

The construction sector generates about 18% of the City's total tax revenue base (as the City's second largest source of retail sales tax revenue). This revenue source grew rapidly during this decade at an average of 15.5% annually. This will undoubtedly slow with the cooling of the housing market; growth between 2006 and 2007 had slowed to only 1%. In addition, I-405 construction may have inflated these numbers as well. To maintain tax growth that approaches cost increases to service delivery, other revenue-generating sectors will need to compensate for stagnant or declining contracting revenue – although commercial development is expected to offset these losses at least in part. Miscellaneous tax revenue also reported a very high post 2002 growth rate of 15.1%.

RETAIL LEAKAGE

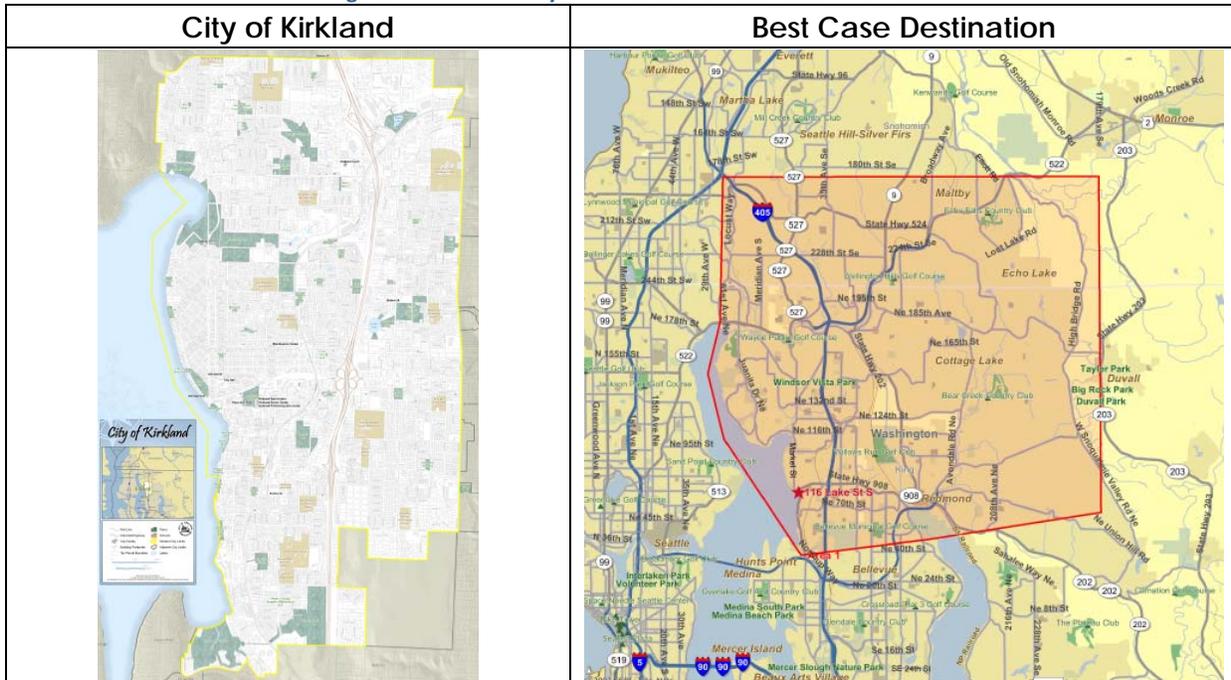
The most basic question asked about retail is whether and to what degree local retailers are capturing the dollars spent by local residents on retail goods. To answer this question, two approaches were used. The first is a data-based analysis that compares retail sales with estimated retail demand generated by area households, by retail category. The second data set is an online survey completed by Kirkland residents and businesses to help answer the 'why' of retail leakage: what do residents and business owners feel is successful, and unsuccessful, about Kirkland's retail environment?

QUANTITATIVE LEAKAGE DATA

A data-based leakage analysis was completed for two market areas: the *City of Kirkland* and a larger geography that approximates the population base that Kirkland attracts for *destination purchases* (such as comparison goods¹¹, fine dining and entertainment). The destination market geography selected is intended to represent a *best case* scenario for the area from which Kirkland retailers may attract shoppers.

¹¹ Comparison goods are defined as goods that customers tend to shop for, comparing price, quality, style, etc.

Figure 12. City of Kirkland and Destination Market



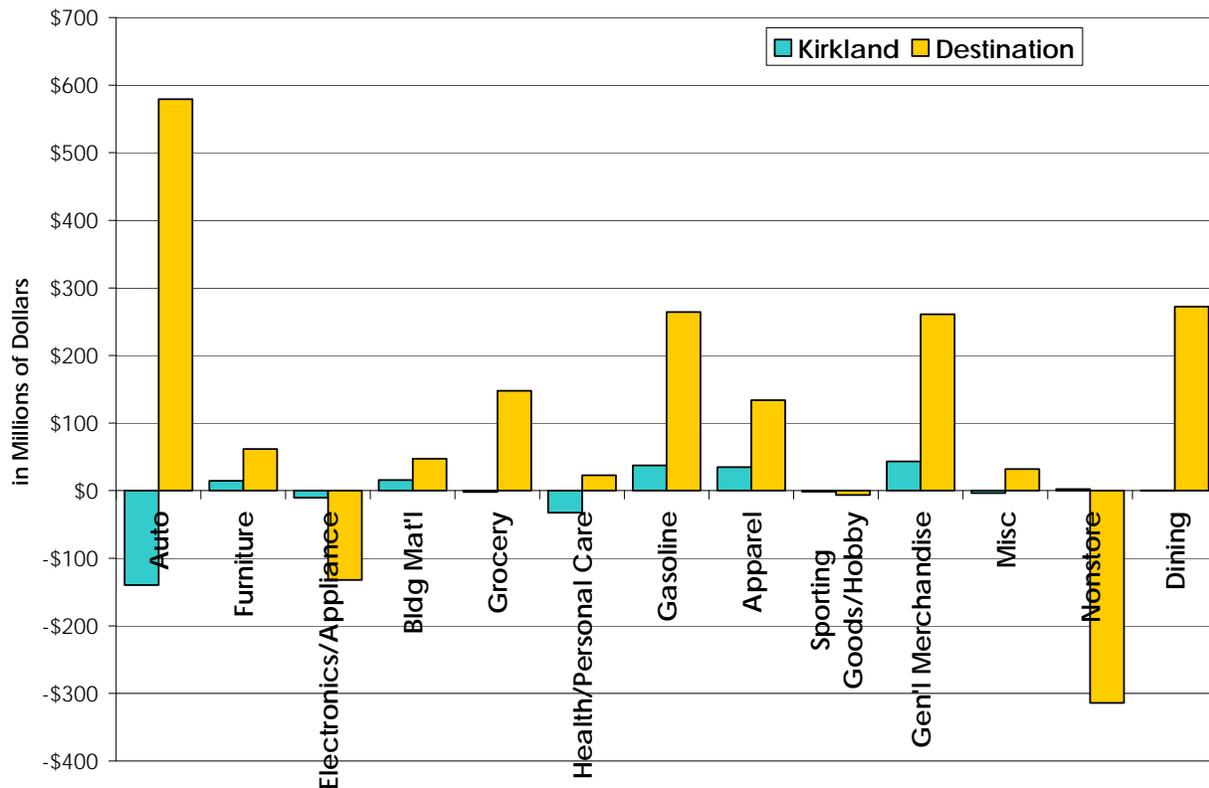
Source: City of Kirkland GIS, ESRI Business Solutions.

As of 2008, Kirkland residents have incomes that support demand for nearly \$975 million of retail purchases. Actual volume of sales supplied by retail stores is estimated at just over \$1 billion – indicating a net inflow of sales of roughly \$40 million. This occurs in large part because of non-Kirkland residents (from the destination trade area and beyond) who shop in Kirkland. For at least some portion of retail goods, Kirkland already serves as a significant eastside destination retail market: it attracts shoppers who live elsewhere on the eastside and (likely to a lesser extent) throughout the Puget Sound region. Other studies concur with Kirkland’s destination status; for example, the 2007 *Downtown Strategic Situation Assessment* describes Kirkland as a destination for its parks, restaurants, galleries, nightlife, arts performances, shops and services.

According to sales data, while Kirkland’s over-supply (destination status) applies to retail sales in total, a different picture is presented when specific store categories are considered. Figure 13 illustrates retail leakage, by retail type, for both the City of Kirkland and the destination market. Positive numbers indicate leakage (demand exceeds supply); negative numbers indicate sales that exceed estimated demand.

With each store type category, the *first bar* represents results for the City of Kirkland; the *second bar* indicates sales tax leakage (or surplus) for the larger destination trade area.

Figure 13. Leakage Dollars by Retail Category, 2008



Source: ESRI Business Solutions, E.D. Hovee & Company, LLC.

For the City of Kirkland, sales to Kirkland based retailers exceed locally generated resident demand, most notably in autos and health and personal care. Other categories experiencing sales volumes in excess of in-city demand – but less significantly so – include electronics and sports goods and hobbies. Kirkland's retail outlets are already more than adequate to meet the needs of its residents for these retail types.

An important caveat to note is that these numbers describe retail sales in total; they do not describe whether the specific types of goods preferred by individuals who live in Kirkland are offered. A retail category can appear over-supplied due to the presence of a large niche retailer with destination appeal, but may be infrequently visited by area households. Sales data do not distinguish between whether a consumer purchase is made by a local resident versus a destination shopper – but show *net results* only. Survey results – discussed below – help to flesh out the extent to which this may be the case.

The remaining retail categories – furniture, building materials, gasoline, apparel, general merchandise and dining – all can be considered as potential growth opportunities for Kirkland. For these retail types, there is a net outflow of dollars; residents tend to purchase these goods – to varying degrees – outside of the City.

The City has indicated that it wishes to target the destination market. At this time, there is unmet demand within this larger market for most retail goods (excepting in electronics and non-store retailers, e.g. web retailers). This indicates limited competitive supply within the destination market to serve its population.

QUALITATIVE RETAIL EXPERIENCE

To complement and provide context to the leakage data compiled, Kirkland residents were invited to participate in a survey that asked where residents obtain their goods and services and their perception of the strengths and weaknesses of Kirkland’s retail environments.

Survey responses provide valuable information that generalized data cannot. However, statistically, the responses cannot be used to reflect the experience or preferences of the City’s population as a whole. Some demographic information on survey responses was elicited and indicates that on average, survey respondents over-represent homeowners, households with children, and individuals who work within Kirkland.

Figure 14 reports the frequency with which residents purchase retail goods within the City, by retail type. Each retail type is assigned a ‘type of good’: convenience, destination, or both. Convenience goods would be expected to be purchased closer to home within the City; residents are more likely to travel outside of the City for destination goods. Many retail types can include both convenience goods and destination goods. For instance, entertainment includes movie theaters – likely selected for proximity and thus a convenience good – and the ballet, for which residents may travel to Bellevue, Seattle or elsewhere throughout the Puget Sound Region.

The table also indicates retail types for which there is growth potential to serve Kirkland’s population, according to the survey results, and the retail leakage data for the City of Kirkland market (described above).

In general, survey respondents describe more diverse shopping patterns than the leakage data is able to portray: most residents shop for most goods *sometimes* in Kirkland, sometimes outside of Kirkland. As would be expected, respondents reported the most frequent Kirkland purchases for convenience goods:

- Grocery
- Pharmacy
- Coffee shops
- Liquor stores

Given the relatively few retail categories for which residents report that they ‘always’ purchase goods within Kirkland, the survey suggests significant untapped market support for a broad range of

additional retail to serve Kirkland residents. The survey suggests that the areas of greatest unsupported demand are:

- Apparel (all kinds)
- Home furnishings
- Electronics/computers
- Hardware
- Hobby items

For these retail types, more than half of survey respondents report that they ‘rarely or never’ shop within the City.

Figure 14. Extent to which retail goods are purchased in Kirkland

Retail Type	Type of Good	Survey Response: Extent to which Respondents Shop in Kirkland			Growth Potential According to	
		Always	Sometimes	Rarely or Never	Survey Results	Data Results
Groceries	Convenience	65%	30%	4%	No	No
Natural foods/ specialty foods	Both	34%	45%	21%	Some	No
Pharmaceuticals	Convenience	68%	19%	13%	No	No
Apparel in general						Strong
Apparel (adult)	Both	3%	25%	72%	Strong	
Apparel (children)	Both	2%	17%	81%	Strong	
Home furnishings	Destination	1%	29%	70%	Strong	Strong
Electronics/ computers	Destination	3%	14%	83%	Strong	No
Hardware/ garden supplies	Convenience	6%	31%	63%	Strong	Strong
Hobby items (books, sports, music)	Both	4%	43%	52%	Strong	No
Gifts & specialty items	Both	4%	52%	43%	Some	No
Dining in general						Some
Dining – breakfast	Both	18%	57%	25%	Some	
Dining – lunch	Both	11%	70%	19%	Some	
Dining – dinner	Both	10%	79%	11%	No	
Dining - coffee/Tea	Convenience	23%	59%	18%	Some	
Wine/liquor	Convenience	26%	50%	23%	Some	NA
Entertainment	Both	3%	60%	37%	Some	NA
Pet products	Convenience	38%	39%	23%	Some	NA
Gas & automotive	Both	40%	50%	10%	Some	Strong

Source: O'Brien & Company, E.D. Hovee & Company, LLC.

There are four primary areas in which survey results differ from the data:

- Natural foods/specialty grocery
- Electronics/computers
- Hobby items
- Gifts & specialty items

For these retail types, Kirkland hosts some retailers who have succeeded in attracting shoppers from outside of the City's boundaries. The combination of retail sales and survey data indicates that non-local shoppers appear to be off-setting the dollars that local residents report they spend elsewhere. Total sales may be high for these retail types, but residents still feel their needs are not met.

It is important to note that within a region as integrated and urban as the Puget Sound, it would be unusual for 100% of residents to 'always' purchase any retail type within the City in which they live. There is no definitive target in terms of the amount of local shopping trips that a retail type should capture.

Survey responses also provided valuable information on the strengths and weaknesses of Kirkland's current retailers and retail environments. The following table reports residents' assessments of a number of retail attributes.

Figure 15. Attributes of Kirkland Retail

Attributes of Shopping Experience	Survey Response			
	Excellent	Good	Average	Poor
Quality of Products	19%	42%	35%	4%
Variety	4%	20%	36%	40%
Affordability	1%	13%	64%	22%
Customer Service	13%	39%	45%	3%
Convenience	19%	30%	34%	18%
Clustering of Stores	2%	20%	43%	35%
Parking Availability	4%	18%	39%	38%
Bike Parking Availability	10%	18%	50%	23%
Pedestrian Accessibility	13%	42%	31%	13%
Mass Transit Accessibility (bus stops nearby)	13%	37%	33%	17%
Visual Appearance	14%	35%	38%	13%
Hours of Operation	4%	31%	51%	14%
Environmental Commitment	7%	31%	51%	11%
Community Commitment	15%	35%	40%	11%
Family Friendly	14%	41%	40%	5%

Source: O'Brien & Company, E.D. Hovee & Company, LLC.

Residents reported the most favorable assessment for the following characteristics (over 50% of respondents rated Kirkland's retail as good or excellent in these categories):

- Pedestrian accessibility
- Mass transit accessibility
- Product quality
- Family friendly
- Visual appearance
- Community Commitment

Four attributes stood out for the negative assessment they generated (rated as poor by 30% or more of respondents):

- Variety
- Parking availability
- Affordability
- Store clustering

Residents also reported the extent to which they obtain services within the City versus elsewhere. This is also useful information for the City to consider in targeting services to bring into the City.

Figure 16. Survey Results: Extent to which Services are obtained within Kirkland

**Survey: Extent to which
Respondents obtain Services
within Kirkland**

Service Type	Always	Sometimes	Rarely or Never	Growth Potential
Medical Health Care	34%	32%	34%	
Dental Health Care	40%	11%	49%	
Vision Health Care	35%	13%	52%	
Alternative Health Care (acupuncture, massage therapy, etc.)	29%	25%	46%	Strong
Personal Care (salon, spa, etc.)	19%	35%	45%	Strong
Fitness	32%	22%	45%	Strong
Banking/ Finance	51%	32%	17%	
Dry Cleaning/ Laundromat	69%	15%	16%	
Veterinarian	51%	14%	35%	
Childcare	16%	16%	66%	Strong
Community & Social Services (counseling, after school programs, playgrounds, classes, etc.)	24%	40%	35%	Strong
Realty	28%	27%	44%	
Hotel	5%	18%	77%	
Attorney & Legal	9%	11%	79%	
Automotive	29%	31%	40%	
Insurance	18%	11%	70%	Strong
Mailing/Postal	68%	26%	6%	
Copy/Print	46%	30%	23%	

Source: O'Brien & Company, E.D. Hovee & Company, LLC.

As with retail sales, there is no definitive capture rate that jurisdictions target for local services. However, four services are highlighted for which there appears to be significant growth potential within Kirkland based upon survey responses indicating existing low capture rates, and likelihood that location is a primary consideration in a customer's selection of service provider. These are:

- Alternative health care
- Personal care
- Fitness
- Childcare
- Community & social programs
- Insurance

Taken together, the sales leakage data and survey results provide a fairly robust picture of Kirkland's retail context:

1. Overall, Kirkland supports significant retail activity when compared to its population base;
2. Kirkland retail includes a number of destination businesses that draw from a geography extending well beyond the City limits (or in some even the broader Puget Sound region). These include automobile dealers and retailers of electronics, personal care, book and music stores, used merchandise stores and full-service restaurants;
3. Despite the presence of these successful retailers, residents do not feel their retail needs are being adequately met. Most notably, Kirkland residents report that they rarely shop in Kirkland for apparel, home furnishings, electronics, hardware or hobby items;
4. Residents feel that Kirkland provides quality goods within a retail environment that is accessible via walking and transit, attractive, and family friendly; and,
5. The top criticisms of Kirkland retail are its lack of variety and affordability and limited parking. These comments undoubtedly reflect perceived and real concerns – both of which could be important to address as part of a sustainability strategy to encourage more shopping locally.

BUSINESS CONDITIONS

The Assessment included research on the types of green practices and green products Kirkland businesses are currently using or producing, and the amount of leakage that may exist in terms of businesses obtaining their operational goods and services elsewhere. This section provides an overview of findings organized by current conditions and identified opportunities for potential green businesses that would “fit” the Kirkland Economy.

CURRENT SITUATION

Awareness of, and interest in, sustainability among businesses and organizations is relatively high. Business survey responses and the business interview results suggest that there is significant interest

in the City's efforts to develop an economic sustainability strategy, and that more resources and information about green practices and green business opportunities are desired.

Of the 77 businesses that participated in the survey:

- 25 businesses indicated that the public perceives them as green, or becoming green;
- 63% indicated that it is somewhat to very important for the public and their customers/clients to view their business as being green. These businesses are making internal changes to become more sustainable;
- 33% had created a sustainability mission statement or vision in their company;
- 77% purchase energy efficient products either sometimes, or all the time;
- 78% recycle all the time; and,
- 52% have energy efficient operations in place at all times.

Financial implications and *lack of information* about environmental and financial benefits were cited as the primary reasons why business owners have not implemented more sustainability practices.

Beginning in early 2007, the City of Kirkland's Office of Economic Development started tracking green business practices that are being implemented in Kirkland businesses, by including questions about them on business license renewal forms. This data reveals only a few businesses that identify themselves as a green business, including an architecture/engineering firm, a natural products hair salon, a photography business, a high tech company, restaurants, real estate office, and landscaping business. However, the majority of businesses answer that they implement green practices. Although mostly focused on general recycling practices, businesses marked participation in alternative transportation, using eco-friendly products, recycling work materials, allowing flexible work schedules or working from home, and energy and water conservation.¹²

The City implemented a green business program in September 2007. Nineteen businesses are currently participating in the Kirkland Green Business Program and the rate of sign-up is approximately two per month. Five Kirkland businesses are currently listed in three green business directories, including the Environmental Services Directory for Washington State (<http://www.esdwa.com/>), Northwest EcoBuilding Guild Green Pages (http://www.ecobuilding.org/green_pages/), and the The Global Directory for Environmental Technology (<http://eco-web.com/>). Additional research of participation of Kirkland businesses in other environmental business programs such as EnviroStars, EPA's Climate Leader Program, King County's Better Bricks, or the Energy Star Program showed minimal participation. Highest representation was in the EnviroStars program, with thirteen Kirkland businesses participating. Two regional retailers in Kirkland participate in the Energy Star program: Costco and PCC.

Interviews with business leaders indicate that there are zoning and other challenges, such as the cost of real estate and available land for green businesses hoping to grow. This example is indicative of

¹² Derived from the Office of Economic Development's cumulative spreadsheet that has been maintained to track green business practice questions on business license renewal applications, since January 2007.

the challenges the City may experience as it looks toward more mixed use and integrated community and economic development.

Qualitative business survey results suggest that businesses primarily use vendors outside of the City when purchasing office supplies, advertising and marketing services, food items and cleaning or maintenance services, as detailed in Figure 16.

Figure 16. Business Survey: Extent to which business goods are obtained outside of Kirkland

Survey: How often do you obtain the following inputs within the City of Kirkland?

Goods or Service Type	Always	Sometimes	Rarely or Never	Growth Potential
Office Supplies	30%	37%	33%	Strong
IT Items (software, hardware, etc.)	15%	32%	53%	
Advertising/Marketing	31%	33%	35%	
Accounting/Legal/Financial	23%	23%	54%	
Product Ingredients/Components	23%	32%	45%	Varies
Education/Training	26%	30%	44%	
Insurance	25%	18%	58%	Strong
Food Items	53%	33%	14%	Strong
Cleaning/Maintenance	54%	24%	22%	Strong
Raw Materials	53%	33%	14%	Varies

Note: The Business Survey asked business owners which types of goods they obtain “outside” of Kirkland. To maintain consistency with the residents’ survey question format and allow easy comparison between the two surveys, the percentages were recalculated to reflect the goods and services businesses obtained “inside” Kirkland.

Source: O’Brien & Company, E.D. Hovee & Company, LLC.

There is potential across the board for Kirkland businesses to increase their use of Kirkland retail and services, and businesses should be encouraged to obtain goods within the City. Elements highlighted here as having strong growth potential are based on how *substitutable*, or *unique*, the product or service is. Businesses select items like office supplies & food and services like cleaning and insurance based primarily on price and convenience rather than the uniqueness of the product. Raising awareness of local options and commitment to shopping locally can help increase the extent to which businesses buy these products and services locally. Other items correspond more to being *destination* retail. It’s harder to increase the local capture for these items, although networking and raising awareness could still be beneficial.

OPPORTUNITIES

There are types of green business opportunities that could fit well with Kirkland's current economic character, including businesses that:

- Sell goods and services;
- Manufacture (light industry);
- Incubate (R&D);
- Provide sustainable specialty expertise;
- Design and construct building projects;
- Manage projects;
- Grow (as in local agriculture);
- Provide software tools to allows virtual business;
- Train/educate; and,
- Support compliance.

In addition, green businesses could result from the "waste" of other Kirkland businesses, such as compost produced from local restaurants and grocery food waste, biodiesel produced from restaurant grease, or art paper produced from business paper waste. Non-profits can also participate in Kirkland's business scene by training, supporting compliance, and providing micro-loans to local business start-ups. All of these types of businesses represent "green job" opportunities as well.

Given that a third of all Kirkland business licenses go to home-based businesses, strong growth opportunities also exist in linking home-based professionals with other Kirkland business owners, or in "Home-Business to Business" networking. Advertising and marketing services offer the greatest opportunity, but educational and training resources, cleaning and maintenance services are also areas of opportunity. In general, greening home-based businesses is more challenging programmatically, as they tend to be small scale and tend to underestimate their environmental impact, as well as what they can do about it.

The following is *not* an exhaustive list of green business opportunities, but a starting point for further research that should be a part of the Phase II effort.

Design and installation of small-scale (lot or neighborhood scale) sustainable site technologies in the following areas: wastewater treatment, stormwater treatment, water quality testing, integrated pest management and/or drought-tolerant landscaping. Related businesses: light manufacturing of related equipment and supplies (infiltration materials, monitoring equipment, testing supplies, nurseries); green material suppliers (e.g. pervious pavers made with recycled content, biodegradable berm material); and professional consulting.

Design and installation of small-scale (lot or neighborhood scale) renewable or high performance energy systems: solar hot water, solar electricity, integrating solar with more conventional systems (e.g. hydronic), passive solar design, heat recovery systems. Related businesses: light manufacturing

of related equipment and supplies (e.g. solar system components, sunscreens); green material suppliers (e.g. sunscreens constructed from bamboo fabric); and professional consulting.

Design and installation of water efficient systems: high performance irrigation systems, dual plumbing to use rainwater and/or greywater, drain water heat recovery, low water appliances and fixtures. Related businesses: light manufacturing of system components, retail/wholesale suppliers of fixtures and appliances (e.g. dual flush toilets, irrigation systems, energy star dish and clothes washers, garden/outdoor suppliers of rain chains, rain barrels), green material suppliers (e.g. natural soaps), and professional consulting.

Supply waste management equipment: equipment and supplies that reduce waste through reuse, and recycling (e.g. composting bins, solar-powered garbage disposal, such as Big Belly), and utilize “green” material (e.g. reusable grocery bags made from recycled content or bamboo fabric, recycling bins made with recycled plastic). Related businesses: green material suppliers and professional consulting.

Supply and/or install resource-efficient building systems: advanced framing, structural insulated panels, insulated concrete foundations, pin foundations, long-life building exterior products (e.g. wood-polymer decking material). Related businesses: building suppliers and construction companies.

Perform building diagnostics for new and existing housing: blower door tests, duct blaster tests, indoor air quality monitoring, energy audits. Related businesses: professional consulting and home inspectors.

Provide/serve transportation alternatives: mass transit, green car sales (e.g. electric, hydrogen/fuel cell, and hybrid), green mechanics, bike and scooter “tricking” and repair, innovative efficiency/emission upgrades for existing vehicles, in-town green shuttle operation and/or golf-cart and Segue rentals. Related businesses: auto and bike sales, mechanics, and transit operators.

Provide green building design and engineering services: most likely as part of a larger service offering, not the primary service. Provide project management and other software systems that encourage virtual business. Related businesses: architectural and engineering consultants.



INITIAL RECOMMENDATIONS

Following are initial recommendations to the City, based on Assessment findings and research into green business and sustainability programs and incentives. Resources applicable to the recommendations are provided in Appendix C. Recommendations for Phase I pertain to policy guidelines the City could consider to enable and encourage a sustainable economy, “easy wins” in the development of a green economy for Kirkland, and messaging. In addition, recommendations are provided for Phase II implementation.

POLICY GUIDELINES

OBSERVATION 1: Participants in this process showed interest in sustainability on a community wide level, and comments often indicated an interest in City initiatives on a community scale. In particular, many of the comments related to City urban planning efforts.

The City has already embarked on several sustainability initiatives under the umbrella of the Natural Resource Management Plan, including its climate initiative, green building, and green business programs. Outreach to the community regarding the City’s efforts has been limited, thus the existence of an overarching sustainability strategy is not apparent to the public.

ACTION: Conduct a policy discussion with City department heads regarding articulation of an overarching sustainability strategy. Use the existing comprehensive Natural Resource Management Plan as the baseline for this discussion. Use the models provided as resources for this Assessment (e.g. Conservation Economy Model and municipal sustainability initiatives) to identify any policy gaps and language changes that would make the City’s goal of sustainability transparent and inspiring to the Kirkland public. As part of this discussion, address relevant comments received through the discovery process for this Assessment. Test and grow community awareness through a series of community conversations. A relevant resource for this purpose includes the City of Shoreline’s Sustainability Strategy recently approved by the Shoreline City Council (See Appendix C: Applicable Resources).

ACTION: Share the results of this study with staff from the City’s planning department. The narrative survey results include feedback the planning staff should be aware of, particularly related to downtown development, redevelopment of Park Place, neighborhood amenities, and business and retail location recommendations. Work with the planning department to review current zoning for potential barriers to green business and opportunities for flexibility. To ensure further sustainable development in Kirkland, zoning should be conducive to mixed use development.

OBSERVATION 2: Kirkland’s recent job growth rate has been lower than that of King County or other east county cities, indicating that Kirkland has relatively had limited success in attracting new and

growing businesses. This impacts employment opportunities and commute times for residents, as well as tax revenue.

ACTION: Review Kirkland’s adopted economic policy and strategies to ensure local growth in jobs, industries, and retailers by expanding existing businesses and recruiting new ones, with an emphasis on “green” and/or “locally-grown” businesses, as well as green job creation.

ACTION: Develop benchmarks for Kirkland’s economic development that can be used to more sensitively measure progress and ensure dynamic course corrections in a timely fashion. Since the basis of a sustainable economy is a strong, healthy economy, benchmarks should include metrics such as: *economic diversity* (number of industries represented); *high wages*; *strong and stable tax base*; *broad range of services*; as well as the number of *green jobs*, *green businesses*, and *locally available green product types*.

The Genuine Progress Indicator (GPI) developed by Redefining Progress also provides examples of metrics the City could adopt selectively, such as vehicle miles traveled (VMT) or city-wide carbon emissions. Alternatively, the City could follow Burlington, Vermont’s lead in adopting the GPI as the metric to measure economic health. The benefit of using the GPI is that it integrates social capital issues into measuring community health.

Sample metrics for a strong, healthy economy were developed as part of this Assessment and are included in Appendix D.

OBSERVATION 3: Sales tax revenue growth year-to-year has been erratic, causing challenges both forecasting revenue and funding public service delivery. Residents report they frequently travel outside of the City to shop, particularly for apparel, home furnishings, electronics, hardware and hobby items. They leave the City both for a more varied and a more affordable selection. This retail leakage represents dollars not kept within the community.

ACTION: Once the City has established targeted retail types, address retail leakage issues by:

- Identifying the physical needs of targeted retail types (floorplate, parking, building amenities);
- Identifying appropriate center/areas/sites within the City;
- Removing any obstacles for the redevelopment of those centers/areas/sites and providing guidelines to help ensure that redevelopment utilizes green building practices; and,
- Considering what additional amenities the City can bring to those sites, such as bike trails transit, and other elements of green infrastructure, as well as innovative parking solutions.

OBSERVATION 4: The City of Kirkland participated early on in the development of the Puget Sound’s Regional Council’s plan to develop 100,000 new jobs for the Central Puget Sound Region through its Prosperity Partnership. The Partnership, a coalition of over 260 government, business, labor and community organizations from King, Kitsap, Pierce, and Snohomish counties, provides a resource in strengthening Kirkland’s economy, by identifying growth clusters such as clean energy and

innovation, both appropriate growth clusters in a healthy and “green” economy. In addition, the City is participating in a Green Collar Symposium this fall.

At the same time, findings in the 2005 TIP Strategies’ study¹³ as well as the public input for this Assessment show a desire to maintain Kirkland’s residential scale and unique strength in attracting professional services, including scientific and technical firms, retail, and food services.

ACTION: Target, as a matter of policy, business growth and job creation in clean energy and innovation opportunities as well as those that meet the public’s desire for businesses in Kirkland that reduce the City’s ecological footprint, reduce waste, eliminate harmful materials and chemicals, provide green transportation and renewable energy options, and encourage healthy living. Engage with the Puget Sound Regional Council’s Growth Partnership for this purpose, including in particular those on the Partners List to identify opportunities fitting to Kirkland. In particular explore the clean energy and innovation opportunities identified by the Partnership to determine niches best filled through professional services or light manufacturing and/or trades suited to areas in Kirkland appropriately zoned.

Specific focus should be on:

- Modest increase in manufacturing and/or light industry jobs;
- Continued growth of high wage ‘Professional, Scientific and Technical Services’ combined with lower (but family) wage ‘Accommodation and Food Services’;
- Increased educational jobs, particularly in environmental education, green collar job training, and sustainable development disciplines; and
- Maintenance of a healthy network of home-based businesses

OBSERVATION 5: Participants expressed appreciation for the City of Kirkland’s leadership in greening City operations, encouraging green building efforts, and implementing a green business program. Survey responses included several statements about the desire for continued City leadership by pushing the envelope on sustainable development and green building. Both residents and businesses seem to appreciate the progressive nature of City policies, which presents a unique opportunity to set the bar high and engage residents in “making sustainability work” in Kirkland. Zero waste businesses practices and reduced impact on the environment from increased recycling practices and green (natural/non-toxic) materials use are of high priority.

ACTION: Maintain pro-active City leadership in sustainable development by adopting or implementing one or two far-reaching economic development, urban planning, or green business practices policies. The policies should address the Kirkland community’s interest in zero-waste businesses practices, healthy lifestyles, and green (natural/non-toxic) materials. Policies could be developed to address the desirable community qualities in the survey and business interview responses:

¹³ TIP Strategies 2005 report for the Kirkland Economic Partnership. Pathways to Kirkland’s Economic Future. Page C-4.

- Pedestrian friendliness;
- Alternative transportation;
- Green historic preservation;
- Unique community identity;
- Integration of natural beauty;
- Balanced density;
- Active waterfronts;
- Car-free downtown;
- Resource efficiency and waste reduction
- Effective parking strategies; and
- Thriving and diverse commercial sectors.

OBSERVATION 6: The above mentioned TIP Strategies Study recommends continued City efforts in maintaining and expanding its current role as a destination market.¹⁴ Being a destination market is one way to offset sales leakage, and better meet Kirkland resident needs.

Because being a destination market can conflict with the City’s goal of reducing its carbon footprint (in that it encourages consumers to travel to Kirkland from other areas in the region) it also presents an opportunity to develop green means to transport shoppers to Kirkland’s retail centers.

ACTION: Adopt green strategies to encourage retail growth that draws shoppers from nearby areas, and better meets Kirkland resident needs. The resident survey results suggest that the areas of greatest unsupported demand due to lack of affordable options, variety, and quantity are:

- Apparel (all kinds)
- Home furnishings
- Electronics/computers
- Hardware
- Hobby items

Identify locations within commercial districts most suitable to the type of retail and service business targeted, based on characteristics as pedestrian/auto orientation (parking availability & accessibility), building footprint (store clustering), and adjacency to complementary uses.

In addition to encouraging pedestrian traffic between stores through planning, explore “green” means of transport from nearby cities or park and rides to downtown Kirkland and other retail centers in Kirkland.

¹⁴ TIP Strategies 2005 report for the Kirkland Economic Partnership. Pathways to Kirkland’s Economic Future. Page 4, Strategy 1: Capitalize on Regional Growth.

GREEN ECONOMY

Specific implementation actions will be developed in Phase II, or upon completion of the economic sustainability strategy. These recommendations serve as a first-response to survey results and opportunities identified during the Assessment.

OBSERVATION 7: Implementation of policies discussed above should have the long term effect of establishing a green Kirkland economy. These policies will support growth by expanding local businesses, attracting new green businesses, and by growing green job opportunities through partnerships with local educational institutions and business leaders. While developing these policies, some immediate benefits can be gained by pursuing easy wins with existing businesses and business practices. Easy wins can result from focusing on key sustainable practices that can help businesses improve their bottom line in the short term, as well as focusing on businesses that are particularly impacted in the current economy by fossil fuel prices and the related cost of food.

ACTION: Create near-term priorities that:

1. Focus on green practices that can be implemented within existing Kirkland businesses to reduce waste, eliminate toxics, and efficiently use of natural resources.
2. Help existing businesses with implementation of green practices to help them save money – and bridge lean economic times.

Examples of easy wins that the City should encourage through outreach include:

- Composting in Kirkland restaurants;
- Purchasing food and other business supplies from local suppliers;
- Reducing paper waste;
- Eliminating disposable shopping bags;
- Utilizing tax credits and other incentives for making energy efficiency upgrades in building facilities, whether leased or owner-occupied;
- Utilizing tax credits and other incentives for installing solar hot water systems on buildings that use large amounts of hot water as part of operations (hospitals, laundry, or recreational facilities); and,
- Reducing potable water used for irrigation.

OBSERVATION 8: Various businesses have implemented green practices; several businesses have started to offer green products; and some businesses participate in the City's or other Green Business program. However, lack of information was cited as one of the primary reasons why businesses have not incorporated more green practices, even if they were interested in them. Current information for greening existing businesses is available, but this is not readily apparent. Survey participants cited creation of a local green business certification program as a good tool for education and implementation of green practices.

ACTION: Link the green business program with the City's existing green building program, so business owners can get information on greening their businesses and their facilities in one place. Use the City website to link with other programs that can provide significant benefit, such as Washington State's EnviroStars, PSE Energy Efficiency Incentives, and EPA's Climate Leaders, Energy Star, and Water Sense Programs.

ACTION: Conduct outreach to businesses through a series of educational seminars focused on easy wins and long-term operational strategies that will provide significant savings and marketing benefits.

ACTION: Set a goal for having a percentage of all Kirkland businesses participating in the green business program by 2012.

ACTION: Choose one of the existing green building programs (such as the USGBC's Leadership in Energy and Environmental Design or Built Green) as the model for Kirkland and create a challenge to commercial building owners, and businesses and home-based business owners to get their buildings certified under the appropriate program. The City could set a goal for having a percentage of all Kirkland business facilities participating in green building programs by 2012.

ACTION: Display participating green businesses on a map posted virtually on the City's website and linked to other business groups (e.g. Kirkland Chamber of Commerce), as well as downtown. Iconography informs residents and other business owners of the green products and services available within Kirkland.

OBSERVATION 9: Approximately one-third of Kirkland's business licenses consist of home-based business. This presents several challenges:

- It is more difficult to reach home based business owners to inform them of available resources.
- Home-based businesses generally don't entail processes that are significant pollutant sources. This is not to say they do not have environmental impacts, but opportunities for significant environmental improvements are less apparent.
- The potential for the City's positive impact from implementation is reduced.
- Business community awareness of available home-based businesses is limited, as home-based businesses are not always advertised (often purposely).

Opportunity exists for linking home-based businesses to collectively work on environmental initiatives and business opportunities. For example, individually businesses may not have the capital to purchase renewable energy to power their home office, but collectively, the businesses may be willing to sign up for a green power program. This may require an ingenious negotiation with Puget Sound Energy, but as a group home-based businesses might have some clout, especially if supported by the City of Kirkland. Additionally, businesses may be interested in purchasing office items in bulk, achieving both environmental and financial benefits.

ACTION: Foster networking of home-based businesses within the City’s green business program and provide seed funding for businesses that partner to obtain green office supplies, green office power, or explore material and waste exchange opportunities.

Specific tools or actions to link home based businesses could include:

- Create a “Home-Business to Business” (HB2B) network within the Kirkland Green Business program, much like a mini Kirkland version of the popular “Linked-In” website for professional networking;
- Enhance the existing Green Building Program with a new section that includes resources and tools specific to home-based business. These tools should focus on environmentally preferred purchasing, bulk supply purchasing, waste reduction, and recycling;
- Offer “Sustainable Home-Business of the Year” recognition for participating businesses;
- Offer networking meetings for participating businesses; and
- Offer incentives to businesses that are either enrolled in the Green Business Program or new businesses to the area when they meet community sustainability guidelines. Incentives should be identified through interviews or focus groups with the stakeholders.

OBSERVATION 10: One third of City sales tax revenues result from auto sales.

ACTION: Build on existing current auto sales resources, knowledge base, and infrastructure by encouraging transition of this sector to alternative auto sales, maintenance, and light manufacturing, and by providing the necessary zoning, incentives and supporting policies to help make that transition happen.

OBSERVATION 11: Existing community resources, particularly in education, are underutilized, and the City has tremendous opportunity to make economic sustainability happen through partnerships with businesses and organizations.

ACTION: Work with community organizations and partnerships to help foster green practices. Partners include Lake Washington Technical College (training & education), Paccar (hybrid trucks), and Google (Green IT). The City can work with these community resources to develop, test, and promote voluntary green business practices.

MESSAGING

OBSERVATION 12: Survey respondents, interviewees, and community meeting attendees showed a strong preference for Kirkland being known as a green community, and for being a leader in green community planning. Kirkland’s leadership as a green City, and in encouraging healthy and active community life, provides a sense of community pride.

ACTION: Develop business recruiting and community marketing messages that focus on Kirkland as a *green, safe, healthy, and active* community. Specific messaging should be completed after completion of the Economic Sustainability Strategy, once community wide-sustainability policies

or guidelines are in place. Strong messaging that builds on community feedback ensures consistency in how the City markets itself, and helps develop the “brand” of Kirkland’s sustainable economy. Develop criteria that will be applied in developing the marketing messages, such as:

- The message intent must be clear to the Kirkland community.
- The message must be consistently reflected in green business, green practices, and green jobs.
- Economic sustainability messages should be integrated with social and natural capital factors, and closely tied to a community-wide sustainability vision.

ACTION: Create messages and educational materials to define the larger vision of economic sustainability as one that proactively fosters green businesses, green jobs, and green business practice.

OBSERVATION 13: The large number of home-based businesses and the City’s desire to continue to attract professional services industries present an interesting opportunity for economic development messaging.

ACTION: Market Kirkland as a prime “live/work” community. Home-based businesses can mean less commute trips, positively affecting the City’s carbon footprint. Home businesses also contribute to other local businesses, such as office supply and copy shops, lunch hour restaurants, and other daytime service providers. If homes in which businesses are operated are remodeled or constructed using green building techniques (promoted by the City’s green building program), the green message for home-based businesses can be even further enhanced.

OBSERVATION 14: The Kirkland Green Business Program is currently not widely known within the community. Messages for the program could be strengthened to generate more interest and participation.

ACTION: Create a tag line for the Office of Economic Development or the Green Business Program that builds on the momentum generated by the community outreach completed for this assessment, and highlights the City’s leadership in green business development, green building, and climate change actions. Examples include:

- *“Kirkland: We Mean Green Business”*
- *“Kirkland: Green Economy, Green Future”*
- *“Kirkland: Clean, Lean, and Green.”*
- *“Kirkland: A Cooler Place for Business”*

PHASE II: NEXT STEPS

OBSERVATION 15: Phase II is currently planned to include four major goals:

1. Enhancing existing programs in the areas of climate protection, green building and green business recognition;
2. Instituting new programs in the area of business recruitment that result in the creation of green businesses and jobs;
3. Creating green purchasing and material exchange partnerships and other programs to sustain new and existing businesses;
4. Conducting outreach to residents, potential green customers, and local businesses to inform them of options.

Survey results show that there is significant resident and business interest in all four goals. However, a policy discussion to guide progress towards these goals would be a good first step (as discussed above). An important question is whether the City vision is a sustainable future (where economic capital is co-developed with natural and social capital) or solely a sustainable or green business economy. If the answer is the latter, further work on the message and reconciliation with larger community interests would be necessary steps. If the answer is the former, enabling planning policy would be important and additional goals would need to be added.

ACTION: Tools for accomplishing the goals as stated for Phase II could include:

- Form a “Green Economy Team” (or work group) of business owners, non-profits, and citizens to provide guidance and feedback for Phase II.
- In-depth focus group(s) to discuss the green business opportunities identified in the Assessment to test the viability of these ideas and hone in on realistic opportunities for Kirkland’s Green Business Program. The green job symposium planned as part of Sustainable September may be an opportune venue for holding these focus groups. In particular, the focus groups should include representatives from workforce training and professional educational programs, regional and local clean and green businesses, financial interests, and major business players (such as the business roundtable and Kirkland Chamber of Commerce.)
- Interviews with the owners of existing green businesses in the Puget Sound Region that fit the descriptions of green business opportunities identified in the Assessment to determine what they are looking for in a location and what would attract them to Kirkland. Interviews with owners of similar green businesses located in Kirkland to determine what would keep them in Kirkland.
- Interviews with green business programs identified in the Assessment to determine specific tools they have used attracting green business opportunities identified in the Assessment and in-depth focus groups.
- Develop a toolkit of recruitment tools, starting with a basic kit that is pilot tested, and identifying in a wish list of tools that may be added over time.
- In-depth research on waste streams, in particular those that could potentially become resources or feedstock for new and/or existing businesses.

- Branding research to identify word associations, iconography, and other branding tools to help get the message out, and call residents, potential green customers, and local businesses to action.
- Developing an informational campaign and a call to action that launches the effort. Introducing this at the 2009 Sustainable September or similar high-profile event would be opportune.

APPENDICES

Appendix A: Demographics analysis

Appendix B: Conservation Economy Model

Appendix C: Applicable resources

Appendix D: Sample Policy Metrics Document

APPENDIX A: DEMOGRAPHICS ANALYSIS

This appendix includes demographics information on population trends, wage trends, household income and household type, and a characterization profile of Kirkland community “life modes.”

POPULATION TRENDS COMPARISON 1980-2007

Jurisdiction	1980	1990	2000	2007	1980-1990	1990-2000	2000-2007
Bellevue	73,903	86,872	109,827	118,100	1.6%	2.4%	1.0%
Bothell	7,943	12,345	30,084	32,400	4.5%	9.3%	1.1%
Issaquah	5,536	7,786	11,212	24,710	3.5%	3.7%	12.0%
Kirkland	18,785	40,059	45,054	47,890	7.9%	1.2%	0.9%
Redmond	23,318	35,800	45,256	50,680	4.4%	2.4%	1.6%
King	1,269,749	1,507,305	1,737,046	1,861,300	1.7%	1.4%	1.0%
<i>Kirkland share</i>	<i>1.5%</i>	<i>2.7%</i>	<i>2.6%</i>	<i>2.6%</i>			
4 county	2,240,264	2,748,881	3,275,857	3,582,900	2.1%	1.8%	1.3%
<i>Kirkland share</i>	<i>0.8%</i>	<i>1.5%</i>	<i>1.4%</i>	<i>1.3%</i>			

Source: US Census, Washington Office of Financial Management, E.D. Hovee & Company, LLC.

KING COUNTY WAGES BY INDUSTRY SECTOR, SECOND QUARTER 2007

Sector	NAICS*	King County Avg. Wage 2Q 2007	Above Avg. Wage
All sector average		\$53,400	
Construction and Resources:	11, 21, 23	\$52,600	
Manufacturing	31-33	\$72,000	*
Wholesale Trade, Transportation, and Utilities (WTU)	22,42,48,49	\$60,000	*
Finance, Insurance and Real Estate (FIRE)	52, 53	\$66,100	*
Retail	44, 45	\$34,100	
Services:			
<i>Information</i>	41	\$95,100	*
<i>Professional, Scientific and Technical Services</i>	54	\$72,100	*
<i>Management of Companies and Enterprises</i>	55	\$86,600	*
<i>Administrative and Support and Waste Management and Remediation Services</i>	56	\$39,700	
<i>Educational Services</i>	61	\$32,200	
<i>Health Care and Social Assistance</i>	62	\$43,800	
<i>Arts, Entertainment and Recreation</i>	71	\$36,700	
<i>Accommodation and Food Services</i>	72	\$18,700	
<i>Other Services (except Public Administration)</i>	81	\$29,600	
Government		\$51,500	
Education (public)		NA	

*Note: NAICS stands for North American Industrial Classification System.

Source: Washington Employment Security, E.D. Hovee & Company, LLC.

2008 KIRKLAND HOUSEHOLD INCOME ESTIMATES

2008 Households by Income	Kirkland	Destination	4-County
Household Income Base	21,922	111,160	1,437,493
< \$15,000	4.2%	3.5%	6.8%
\$15,000 - \$24,999	3.4%	3.6%	6.7%
\$25,000 - \$34,999	4.9%	4.7%	7.6%
\$35,000 - \$49,999	9.1%	8.7%	12.5%
\$50,000 - \$74,999	20.3%	18.0%	20.9%
\$75,000 - \$99,999	21.0%	20.9%	18.3%
\$100,000 - \$149,999	18.7%	21.4%	16.1%
\$150,000 - \$199,999	8.7%	9.2%	5.5%
\$200,000 +	9.6%	10.1%	5.6%
Average Household Income	\$115,198	\$116,544	\$88,416

Source: ESRI Business Solutions, E.D. Hovee & Company, LLC.

LIFEMODE PROFILES 2008

Tapestry Lifemode Market Segment	% of Total	Summary Characteristics
City of Kirkland:		
Enterprising Professionals	20.5%	Young (average age 32), educated and working professionals – with frequent moves following job opportunity – ‘connected but still nomadic’
Urban Chic	16.3%	Also urban and professional but with higher average age (42) and incomes – management/technical workers with ½ receiving investment income
Laptops & Lattes	15.4%	Dominated by people living alone or with housemate, median age of 38, well educated and compensated – majority renters and many without cars
Old and Newcomers	15.2%	Neighborhoods in transition - renters starting career or retiring, prefer multiunit housing, moderate incomes
In Style	12.2%	Suburban residents with urban preferences, married but without children, townhome preferences – work in finance, technical and education occupations
Subtotal (top 5)	79.6%	
Destination Market:		
Sophisticated Squires	19.5%	Cultured country living, married families, longer commutes but fewer neighbors, upper income
Enterprising Professionals	16.9%	See above
Suburban Splendor	14.5%	Growing neighborhoods, 80% married with families, overall highest income group, primarily homeowners
In Style	10.8%	See above
Old and Newcomers	6.4%	See above
Subtotal (top 5)	68.1%	

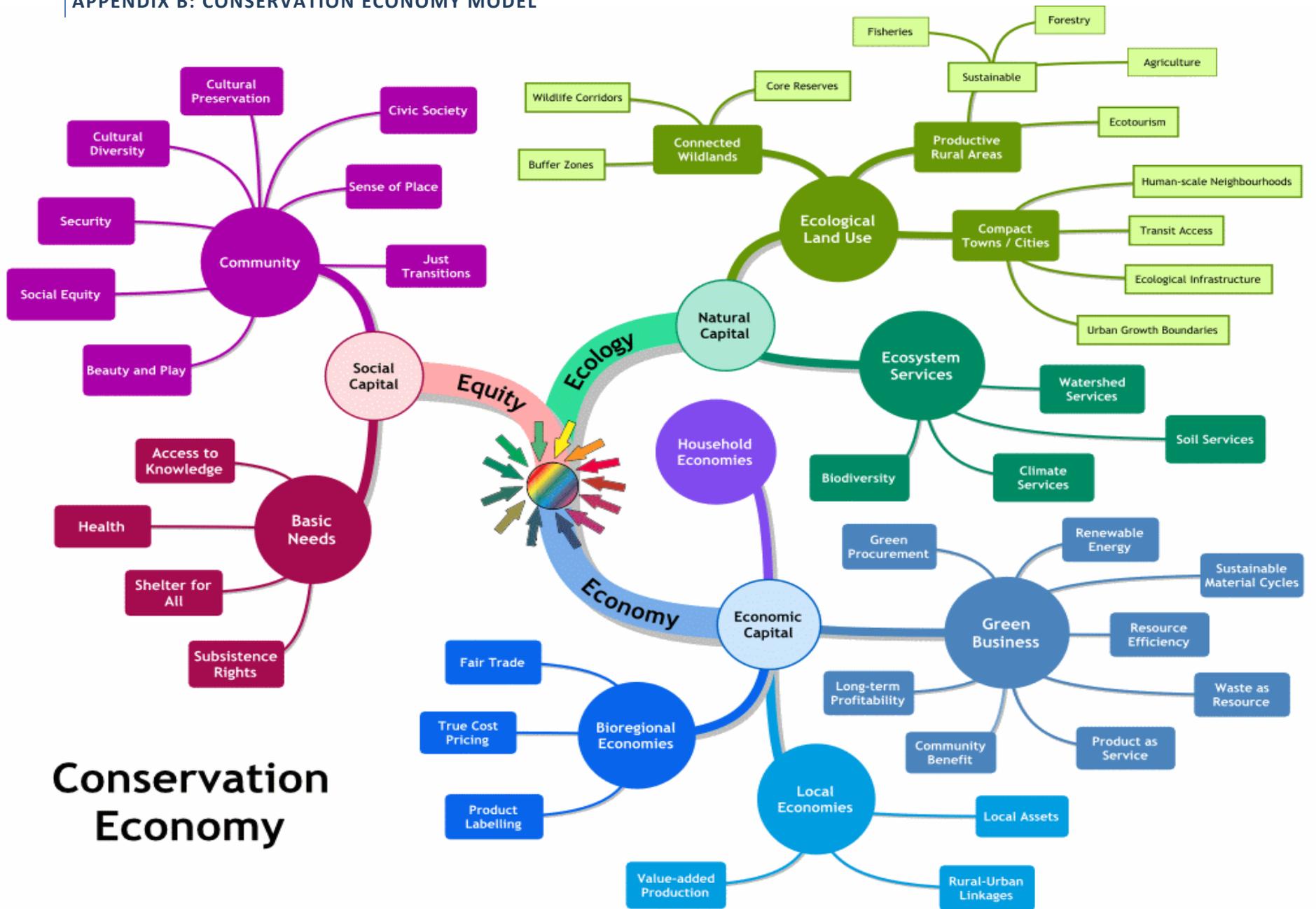
Source: ESRI Business Analyst, E.D. Hovee & Company, LLC.

HOUSEHOLD TYPE COMPARISON 2000 CENSUS

Household Type	Kirkland	King Co	4 County
Families	53%	59%	64%
Families with kids	24%	29%	33%
Single parents	7%	7%	8%
Non families	47%	41%	36%
Total	100%	100%	100%
Decrease in families from 1990	-9%	-4%	-3%

Source: US Census, E.D. Hovee & Company, LLC

APPENDIX B: CONSERVATION ECONOMY MODEL



APPENDIX C: APPLICABLE RESOURCES: FUNDING, REGULATIONS, PLANNING POLICY, AND GREEN BUSINESS PROGRAMS

This Appendix lists resources that the City could rely on for future implementation of an economic sustainability strategy, or community sustainability strategy. It is organized by resource categories of sustainability planning policies and programs, funding approaches, tax incentives, rebates, code incentives, and fee programs, and green business programs and practices. Finally, this Appendix includes a few resources for community sustainability strategy funding opportunities that the City of Kirkland could explore.

SUSTAINABILITY PLANNING POLICY RESOURCES:

[City of Shoreline Environmental Sustainability Strategy](http://www.cityofshoreline.com/cityhall/departments/planning/sustainable/index.htm). The City of Shoreline recently completed a community environmental sustainability strategy. This strategy focused on the environmental capital of sustainability, highlighting green infrastructure opportunities and setting policy recommendations for green building, low impact development, green city operations, and greenbusiness.

<http://www.cityofshoreline.com/cityhall/departments/planning/sustainable/index.htm>

[Whistler 2020 Sustainability Plan, Whistler, BC, Canada](#). Whistler 2020 is the Resort Municipality of Whistler (RMOW) plan for sustainability. The plan includes a set of guiding principles similar to those of The Natural Step (TNS), a sustainability framework that was the inspiration for the town's sustainability movement. Whistler2020 is the highest policy level in the municipality – no policy can supersede the Plan, and every government decision is vetted through the Plan. RMOW started a three-year visioning process called Whistler: It's Our Future. Whistler2020 was adopted in 2002, the first in North America to adopt a comprehensive sustainability plan at its highest level. This evolved into the 2020 document.

Whistler 2020 was developed in four phases over three years of consultation and community collaboration before it was adopted in 2005. During Phase 1, the community identified "success factors". In Phase 2, five alternative futures were explored and assessed by the community. Phase 3 involved crafting a preferred future and developing the draft plan with the involvement of sixteen community task forces. In Phase 4, the preferred future was transformed into the Whistler2020 vision, and the sixteen strategies were completed with ongoing action-planning by the strategy task forces and on-the-ground implementation through the involvement and commitment of a broad spectrum of implementing organizations throughout the community.

[Santa Monica Sustainable City Program, Santa Monica, CA](#). In 1994, the Santa Monica City Council adopted the Santa Monica Sustainable City Program, created and proposed by the City's Task Force on the Environment. The Sustainable City Program provides an overarching set of guidelines for all City operations, and provides criteria for evaluating the long-term impacts of decisions.

Development of the Plan was guided by the Sustainable City Task Force – a large group of community stakeholders that included elected and appointed officials, City staff, and representatives of neighborhood organizations, schools, the business community and other community groups. The Task Force evaluated the long-term sustainability of Santa Monica using a framework comprised of three forms of community capital: Natural capital – the natural environment and natural resources of the community; human and social capital – the connectedness among people in the community and the education, skills and health of the population; and financial and built capital – manufactured goods, buildings, infrastructure, information resources, credit and debt.

The Sustainable City Plan includes goals for the City government and all sectors of the community: to conserve and enhance local resources, safeguard human health and the environment, maintain a healthy and diverse economy, and improve the livability and quality of life for all community members in Santa Monica.

[Fort Collins Action Plan for Sustainability, Fort Collins, CO.](#) The City of Fort Collins Action Plan for Sustainability provides recommended policy, goals, and targets for advancing sustainability within City of Fort Collins operations with a unified, cross-departmental approach. A staff team, with representation from each City service area, developed the Plan. The team used the City of Portland Sustainable Development Commission’s *Resourceful Government Guidebook* for City of Portland and Multnomah County agencies to guide the development of the Action Plan.

[City of Boulder Flexible Rebate Fund and Community Sustainability Guidelines.](#) The City of Boulder established an economic incentive program that rewards businesses for following a set of community sustainability guidelines that the City of Boulder created. Applicants for the Flexible Rebate Program must be able to verify compliance with the guidelines, and earn a minimum number of points. The Guidelines are organized by social sustainability, community and environmental sustainability, and include actions such as recycling, commute trip reduction, air pollution reduction, energy and water audits, as well as diversity and median wage requirements.

[City of Burlington Legacy Project, Burlington, VT](#)

The Legacy Project is a sustainability initiative for the City of Burlington – a community visioning process without centralized city management. Initiated in 1999, the goal of the Legacy Project is to engage Burlington citizens in a comprehensive process to develop a community vision and plan for the future of the city. Citizens from all neighborhoods and sectors were asked to imagine what they wanted Burlington to look like in the year 2030 and, through the visioning process, determine how this could be achieved. The process led to creation of a community vision:

- Maintaining Burlington as a regional population, government, cultural, and economic center with livable wage jobs, full employment, social supports, and housing that matches job growth and family income
- Improving the quality of life in neighborhoods
- Increasing participation in community decision-making
- Providing youth with high-quality education and social supports, and lifelong learning opportunities for all

- Preserving environmental health

The following principles were identified as the base of the community's vision:

- Economic security, local self-sufficiency and equity
- Empowerment and responsibility
- Social wellbeing
- Ecological integrity

Through a large-scale public process, these principles were further developed into the Legacy Project Action Plan, which included goals and objectives, but no means of measuring progress.

ICLEI - Local Governments for Sustainability. ICLEI is an international association of local governments and national and regional local government organizations that have made a commitment to sustainable development. More than 875 cities, towns, counties, and their associations worldwide comprise ICLEI's growing membership. ICLEI works with hundreds of other local governments through international performance-based, results-oriented campaigns and programs. The organization provides technical consulting, training, and information services to build capacity, share knowledge, and support local government in the implementation of sustainable development at the local level. <http://www.iclei.org/>.

Mountain Association for Community Economic Development. MACED helps businesses that are committed to building sustainable and vibrant local economies in Appalachian Kentucky. Although larger in scope than just sustainable economic development, this organization focuses on healthy, vibrant communities, similar to Kirkland's goal of a healthy economy. The organization offers equipment and real estate loans, working capital, operating capital term loans and lines of credit, for up to \$300,000. MACED focuses on three major goals:

1. Supporting important community assets through targeted lending by focusing on the following areas.
 - Businesses in the health care sector and other critical community service
 - Businesses that support the cultural assets of Appalachian communities including arts, music and heritage tourism.
 - Businesses that support sustainable natural asset development and protection including eco-tourism, sustainable forestry, recycling, environmental friendly businesses and renewable energy.
5. Creating self-employment and supplementary income opportunities by providing loans of less than \$35,000 with the technical assistance necessary to assist local people to become successful entrepreneurs or generate extra family income.
6. Creating quality jobs for low-income people by providing larger amounts of capital (up to \$750,000) to businesses with growth and employment potential at livable wages for lower-income people.
<http://www.maced.org>

World Business Council for Sustainable Development. The World Business Council for Sustainable Development (WBCSD) is global association of companies dealing exclusively with business and sustainable development. The Council provides a platform for companies to explore sustainable development, share knowledge, experiences and best practices, and to advocate business positions on these issues in a variety of forums, working with governments, non-governmental and intergovernmental organizations. It serves as a leading resource on business sustainability efforts worldwide. <http://www.wbcd.org/>

GREEN BUSINESS PROGRAM RESOURCES

Kirkland Green Business Program. The City of Kirkland already has a Green Business Program in place. The program was started in September 2007 and is frequently referenced websites as a model program for other jurisdictions. Kirkland's Green Business Program currently recognizes businesses that practice "green" methods of operation. Participating businesses receive marketing incentives, such as the use of "Kirkland Green Business" logos and a listing on the City of Kirkland website. Nineteen Kirkland businesses are currently enrolled in the program. http://www.ci.kirkland.wa.us/Community/Kirkland_Green/Green_Business_Program.htm

Bay Area Green Business Program. The Bay Area Green Business Program verifies that businesses meet higher standards of environmental performance. The program is a partnership of government agencies and utilities helps local businesses comply with all environmental regulations and take actions to conserve resources, prevent pollution, and minimize waste. More than 1,000 businesses and public agencies have been certified since 1997.

The Program was developed by Bay Area local governments in collaboration with US EPA, Cal EPA Department of Toxic Substances Control and the business community. The Association of Bay Area Governments coordinates the Program, which is implemented by Green Business Coordinators in 9 participating counties. The regional and local programs are funded by their partners, including local and regional government agencies, utilities, special districts and nonprofit organizations that promote environmental compliance, pollution prevention and resource conservation. Some funding also comes from government and non-profit foundation grants. www.greenbiz.ca.gov/index.html.

Santa Monica Sustainable Business Certification Program. The City of Santa Monica has based its tourism and business development initiatives on its Sustainable Business Certification program. Santa Monica's Green Map is a web-based tool that guides residents and visitors to products and services provided by certified Sustainable Businesses. In part because of this program, the business community has adopted sustainability as its guiding development principle. Green businesses receive recognition through:

- Local and Regional Green Business Program websites
- City and agency newsletters
- Press coverage, promotional events and special recognition
- Window decals, certificates and promotional materials

- Green Business logo to use in advertising

www.smgbc.org/index.htm

Environmental Finance Center's General Green Building Certification Program (GBCP) This site was the stepping stone to many of the sites listed below. It has information specific to setting up a GBCP, including decision making tools, plans, implementation guidelines, maintenance suggestions, program growth details, and a list of existing programs around the country. A condensed list follows with key descriptors from their websites. <http://www.efc9.org/gbcg/index.htm>

Sustainable Connections. This Whatcom County group has created a business network to reward businesses who are conducting sustainable business practices through joint marketing and publication initiatives. The programs includes a resource center, provides sustainability audits, offers education, conducts campaigns (Zero Waste, Green Power, Watershed), and provides buy local campaign and database for using local businesses. <http://www.sconnect.org>

EnviroStars (local program). Nationally recognized, the EnviroStars Program certifies businesses for reducing, recycling, and properly managing hazardous waste. The program was created in King County, Washington, in 1995 and has expanded to include many additional counties in the Puget Sound region. The goal of the EnviroStars Program is to give businesses incentives and recognition for reducing hazardous waste, while giving consumers an objective way to identify environmentally sound businesses. <http://www.envirostars.com/about/index.html>

Green Star. The Green Star Award is the original award on which the Green Star program was based. It is given to businesses, organizations, schools, and agencies that demonstrate a strong environmental and business ethic by implementing the eight Green Star Standards. These Standards encourage waste reduction within several media, as well as education and outreach. Examples of Standards topics include recycling, waste prevention, improved purchasing, outreach to other organizations, education of employees, reduction of toxic materials, water conservation, and energy efficiency. In 2008, the Air Quality Award, unveiled in 2000, was combined with the Green Star Award, adding two air quality-related Standards to the the Award.”

<http://www.greenstarinc.org/about.php>

PACE. The PACE program is a voluntary, non-regulatory program which offers free pollution prevention education and technical assistance to City of Boulder and Boulder County businesses. PACE is a partnership of local governments and businesses to encourage and recognize environmental achievement. <http://www.ci.boulder.co.us/www/pace/index.html>

Montana's EcoStar Award. Any Montana small business can earn an EcoStar award by demonstrating achievement in waste reduction, energy conservation, and/or water conservation within the past year. <http://www.montana.edu/wwwated/ecostar.html>

New Mexico's Green Zia. This program acknowledges and supports businesses or organizations with a vision and desire to move towards environmental excellence and long-term environmental and economic sustainability. The Green Zia Criteria is based on the Malcolm Baldrige Business

Performance Excellence Criteria and the Quality New Mexico program. It is the only program of its kind nationally, and helps participants incorporate environmental decision making into core business practices. http://www.nmenv.state.nm.us/Green_Zia_website/index.html

Energy Star for Small Businesses. This program is not a certification program. Small businesses can join this network and have access to Energy Star information and technical support focused on facility and process energy use. http://www.energystar.gov/index.cfm?c=small_business.sb_index

Chicago Waste to Profit Network. The City of Chicago started this program two years ago to reduce the amount of waste heading to the landfill. The program was started to help companies connect and create synergies to use waste as inputs for production, thereby turning waste into profit. Members provide basic information about inputs and outputs during networking opportunities to illuminate possible opportunities. <http://www.wastetoprofit.com/>

San Diego Green Businesses Program. This program offers trainings to community businesses. In addition to providing general assistance, the program engages current members of the green business program with other businesses during training sessions, to encourage peer information sharing on energy efficiency, waste reduction, and other green businesses practice implementation.

Sustainable Business Council. The Sustainable Business Council, located in Missoula, Montana, offers yearly sustainability awards to award excellence in sustainable achievement. Some categories include, business, non-profit, new venture, and advocate. This program is important to award innovative and progressive ideas and actions over and above the normal advertising offered by the green businesses program. <http://www.sustainablebusinesscouncil.org/>

BEST Business Center. The BEST (Businesses for an Environmentally Sustainable Tomorrow) Business Center is a collaboration between the City of Portland OR, Metro, Pacific Power, Portland Development Commission and Portland General Electric. BEST offers free technical and financial assistance to help businesses adopt green practices. BEST provides recycling systems, sustainability plans, provide, information about financial incentives or rebates, and networking opportunities. BEST has focused on connecting universities and businesses on topics of sustainability, green building, and green business, leading to tremendous success in program participation. <http://www.bestbusinesscenter.org/>,

STRATEGY FUNDING RESOURCES

Sustainable Enterprise Funds. This funding program helps municipalities invest in sustainability projects that require additional incentive to overcome technical or financial risks. The City of Kirkland could explore partnerships with other municipalities to maximize available resources.

Sustainable Enterprise Fund (GVRD). An example of a successful partnership involves six BC municipalities including Vancouver, Richmond, Whistler, Delta, Burnaby and North Vancouver. These communities will purchase up to 80 million liters of biodiesel blend for use in vehicle fleets during the

next five years. Delta's participation in this project is being supported by the GVRD's Sustainability Enterprise Fund. The Corporation applied to the fund last year and was awarded \$12,000 to test the use of biodiesel to demonstrate operational, technical and economic feasibility.

Greater Vancouver Regional District (GVRD) member municipalities have access to money that complements municipal, provincial and federal funding sources for projects that utilize technology established elsewhere but is new to the region, or adapt best practices to conditions specific to the region. The focus is on improving sustainability in parks, housing, air quality and energy management, drinking water supply and treatment, wastewater conveyance and treatment, storm water management and solid waste management. A maximum contribution guideline of \$25,000 covers up to 1/3 of costs for projects that derive regional benefits, and 10% of costs for projects that focus on single municipal sustainability issues.

Sustainability Grants: Cities can leverage substantial amounts of work by having a volunteer coordinator on staff who seeks out community groups willing to dedicate labor and resources to sustainability efforts. Often, seed money in the form of a grant is used for first-year costs (e.g., salary, administrative needs). The benefits often lead to City Councils approving permanent allocations for volunteer coordinator positions. Some resources for sustainability grants specific to volunteerism include:

- The Abell Foundation, Inc.
- Atherton Family Foundation
- Brico Fund
- Claneil Foundation, Inc.
- Cottonwood Foundation
- Elkind Family Foundation
- The Hugh and Jane Ferguson Foundation
- Gates Family Foundation
- Walter and Duncan Gordon Foundation
- Levi Strauss Foundation
- Massachusetts Environmental Trust
- New England Grassroots Environment Fund
- Norcross Wildlife Foundation, Inc.
- Patagonia, Inc.
- Recreational Equipment, Inc. (REI)
- Russell Family Foundation

GREEN BUSINESS DEVELOPMENT RESOURCES

Creative Tax Programs

The City of Kirkland could use creative tax incentives to encourage green business, green practices, and green collar job creation.

Tax Incentives: The States of Oregon and the State of Washington have tax incentives in place for companies focusing on renewable energy manufacturing and services. Both states, but in particular Oregon, have been successful in attracting such companies. The Oregon Business Plan focuses on attracting new sustainable businesses to the state. Oregon's most recent success is the Business Energy Tax Credit (BETC) which gives businesses a tax credit of 35 percent for up to \$10 million on capital investments in energy efficiency and renewable energy. According to an ECONorthwest study for the Oregon Department of Energy, the BETC increased Oregon's economic output by \$142 million and added 1,240 jobs in Oregon. This success led to a 2007 increase of the credit for renewable energy companies to 50%, for up to \$20 million in capital investments.¹⁵ The credit influenced three solar manufacturing companies relocating to the State.

Berkeley and San Francisco have created programs for residential solar electricity implementation that could be applicable to the home businesses common in Kirkland. The cities pay installation costs up-front, and the loans are repaid via property taxes over a 20-year period. Installations are required to be maintained and remain with the property. The extra property tax includes administrative fees and interest, predicted to be lower than for private loans because the city will secure low-interest bonds and loans. Over two decades, the total taxes are approximately what property owners would save on electric bills.

Many tax programs are applied at the State level. The Oregon Department of Energy offers the Business Energy Tax Credit to those who invest in energy conservation, recycling, renewable energy resources and less-polluting transportation fuels. The tax credit is 35 percent of the eligible project costs — the incremental cost of the system or equipment that's beyond standard practice. Recipients take the credit over five years: 10 percent in the first and second years and 5 percent each year thereafter. If recipients cannot take the full tax credit each year, they can carry the unused credit forward up to eight years. Those with eligible project costs of \$20,000 or less may take the tax credit in one year.

New Mexico Senate Bill 463 (SB463) encourages private sector design and construction of energy efficient, sustainable buildings for commercial and residential use. The amount of the tax credit is based on the qualified occupied square footage of the building and the sustainable building rating achieved. The tax credit can be substantial: A LEED Silver-certified 2,000 square foot home that is at least 40% more energy efficient than a home built to the standard building code can receive a \$10,000 tax credit.

¹⁵ This success was reported in the June Issue of the Sustainable Industries Journal. [Where does green business thrive?](http://www.sustainableindustries.com/greenmarketing/19606599.html) Charles Redell. <http://www.sustainableindustries.com/greenmarketing/19606599.html>

Carbon Tax. The cities of Portland, San Francisco, and Boulder have implemented carbon tax programs. San Francisco's Carbon Tax goes into effect on July 1st, 2008. It taxes 4.4 cents per ton (up to 1.5 million annually). More than 2,500 businesses will be required to pay the fee, though the majority will pay less than \$1 according to district estimates. The fees are expected to generate \$1.1 million in the first year, which will be used to pay for emissions-reduction programs around the city.

Portland, OR's new carbon tax applies more to green building. Existing homes and commercial buildings are subject to a number of energy-efficient rules. Upon a property's sale, energy performance rating must be disclosed. A fee is assessed if construction meets the Oregon building code for energy efficiency, but the fee is waived if the building is 30% more energy efficient than the code.

Boulder's Climate Action Plan Tax was the nation's first energy tax on residents to directly combat global warming. The tax is based on use and collected by the local electric utility. The average household will pay \$1.33 per month and an average business will pay \$3.80 per month. The tax will generate about \$1 million annually through 2012 when the tax is set to expire. Estimated energy cost savings from implementing the Climate Action Plan are \$63 million over the long term.

Portland Green Investment Fund. The City of Portland, Oregon has started a Green Investment Fund that offers competitive grants to innovative green building projects. While this is strictly a building focused grant fund, this type of program could be expanded to other capital intensive sustainability measures that businesses might undertake.

APPENDIX D: SAMPLE POLICY METRICS DOCUMENT

Healthy Economy Metrics

1. Diverse Economy

How dependent is the Kirkland economy on any one sector? Are non-wage income sources supporting the buying power of its residents? How dependent are its residents on transfer payments?

Measure 1: Share of jobs per sector compared with the four-County region, current and trends

Data: PSRC job counts by sector for counties and City of Kirkland, 1995, 2000, 2006

Benchmark: Requires City input. There are pros and cons to over-representation and under-representation of certain sectors. See Vision Matrix. (Appendix D)

Measure 2: Sources of income

Data: 1990 & 2000 Census, City of Kirkland and 4 County Region (BEA update is available only at county-level)

Benchmark: Investment income and retirement income equal to King County as a component of total income; transfer payments lower than King County.

Related policies:

ED 1.3: Encourage a broad range of businesses that provide goods and services to the community.

2. Strong Economy

Does Kirkland provide sufficient job opportunities for its residents? Is Kirkland positioned for strong future job growth? Is its economy resilient in economic downturns?

Measure 1: Jobs Housing Balance

Data: PSRC job total count (available through 2006), Washington Office of Financial Management population count + ESRI current household size estimate

Benchmark: At least equal to King County average (omits more rural elements of metro area). Alternatively, the City could decide to position itself to grow towards a regional jobs center.

Measure 2: Kirkland growth prospects by sector

Data: Local and regional studies (e.g. by City of Kirkland, Prosperity Partnership, Puget Sound Regional Council, Washington Employment Security) and qualitative Assessment.

Benchmark: Difficult to qualitatively benchmark. This may be more of an informational item to guide policy.

Measure 3: Variation in economic growth over time compared with 4 County Region.

Data: Puget Sound Regional Council (PSRC) total job count for counties and City of Kirkland, 1995 & 2000-2006

Benchmark: City of Kirkland demonstrates less significant downturns than the metro region, with extent of downturns on a diminishing trajectory.

Related policies:

ED 1.2: Maintain a strong job and wage base.

ED 1.5: Encourage clusters of complementary businesses [as a growth strategy].

ED 1.6: Strive to maintain a balance of jobs and housing.

ED 4.1: Enhance the competitive advantage of Kirkland businesses.

3. High Wages

Do Kirkland jobs compare well in terms of wage levels? Are all sectors and employees benefiting from Kirkland’s business prosperity?

Measure 1: Average sector wage equal to or above average wage of City employment.

Data: City specific wage data is available via PSRC on a generalized, 6-sector level. It is unclear if greater detail or more current data will be attainable through either PSRC or Washington Employment Security Department (WES) within the project timeline. More current and sector specific wage data is available for King County.

Benchmark: This is primarily an informational item to consider when weighing factors in policy discussions.

Measure 2: City of Kirkland average wage per sector compared with King County average wage per sector.

Data: City specific wage data is available via PSRC on a generalized, 6-sector level. It is unclear if greater detail or more current data will be attainable through either PSRC or WES within the project timeline.

Benchmark: Higher than county average wage levels within all sectors.

Related policies:

ED 1.2: Maintain a strong job and wage base. “Higher than average wage rates are preferred to maximize the economic benefits to the community.”

4. Strong tax base

To what extent do Kirkland’s business sectors contribute to the City’s revenue stream?

Measure 1: Total business revenue, tax revenue and percent taxable estimates by sector, 2000 – 2007.

Data: City of Kirkland – we have aggregated sectors, 1995-2007. We will use greater sector detail if available. Washington Department of Revenue reports percent of gross to taxable on statewide basis.

Benchmark: Growth of X% per year? Do we have a City expenditure average growth rate to target? Target could be increasing trend?

Related policies:

ED 1.3: Encourage a broad range of businesses that provide goods and services to the community. *“Businesses that bring customers from outside the City to purchase goods and services bring dollars into the local economy.”*

ED 1.4: Strengthen Kirkland’s tax base. *“Sales tax is the largest contributor (25%) to the City’s revenue. [represents the most upside potential due to 1% limitation on property tax growth].*

5. Broad Range of Services

To what extent does the City provide for its residents’ needs for goods and services?

Measure 1: Sales leakage by retail and service type, current and five year projection.

Data: ESRI Business Information Services, *Sustainable Assessment of Kirkland Economy* survey.

Benchmark: Requires City input. The City can, for example, target zero leakage for its residents or, establish more aggressive policy to target sales at some % above local market demand (in effect aiming to serve both full service local and destination roles). Trade-offs are explored in the matrix.

Related policies:

ED 1.7: Promote Kirkland as a visitor destination

ED 1.3: Encourage a broad range of businesses that provide goods and services to the community. *“Businesses that bring customers from outside the City to purchase goods and services bring dollars into the local economy.”*

ED 1.4: Strengthen Kirkland’s tax base. *“Sales tax is the largest contributor (25%) to the City’s revenue.*