



DRAFT UPDATE
MASTER PLAN FOR
OMAK BUSINESS AND INDUSTRIAL PARK

PREPARED FOR
CONFEDERATED TRIBES OF THE COLVILLE RESERVATION
COLVILLE TRIBAL ENTERPRISES CORPORATION

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1 EXECUTIVE SUMMARY

WHY A MASTER PLAN UPDATE?

This document contains a Master Development Plan (the Plan) for a portion of the 386-acre industrial site located on the Colville Reservation in Omak (See Map 1). The Plan focuses on the development of the land located between the Colville Indian Plywood and Veneer Plant (CIPV) and the Tribal Trails gas station and convenience store. This land is currently vacant and unused. Approximately 60 acres is recommended for development as the “Omak Business and Industrial Park.” If expansion above this acreage is warranted in the future, land could be made available if set aside today.

A master plan was developed for this site in 2004. Construction has not yet begun on the property. The Confederated Tribes of the Colville Reservation (Colville Tribes) has a renewed interest in economic development and job creation that includes development of this property. The Colville Tribal Enterprises Corporation (CTEC) has contracted an update of the Plan. A number of important changes have occurred since the original plan was completed that make it necessary to conduct this update.

- Tribal Trails gas station and convenience store has been opened on Highway 87 in Omak as recommended in the first plan.
- The CIPV has temporarily shut down operations because of the decline in the housing and construction sectors.
- The local and regional economies have declined as part of the national recession.

Real estate development is a complex undertaking that requires significant capital investment and involves taking on risk. Development and occupation of a large parcel of land typically occur over years. Master planning for property development ensures that thorough analysis and consideration are taken before construction to make efficient use of the land and resources, set expectations for the long term, and prepare both the site developer and future business operators to be successful.

The Plan provides three foundational elements for development of a business and industrial park on the property:

- Economic analysis of the local and regional market to identify potential demand, comparative advantages and disadvantages of the site, and target businesses that are likely to be attracted to the business and industrial park
- Physical plan for development of the property

- Business plan for constructing, marketing, and managing the business and industrial park

With this Plan in hand, CTEC will have the capacity to effectively compete with other locations in attracting new businesses and investment.

WHAT ARE THE BENEFITS OF A MASTER PLAN?

BENEFITS TO THE COLVILLE TRIBES

- Provides employment and training opportunities for tribal members.
- Encourages investment in newly constructed facilities and an overall improvement in the quality of the built environment.
- Increases capacity of the Colville Tribes to guide their economic future.
- Diversifies economic opportunities to provide more stability throughout market cycles.

BENEFITS TO BUSINESSES

- Provides infrastructure to support expansion of existing businesses or establishment of new companies.
- Establishes expectations for type and design of future development that reduces risk for making investments.
- Creates attractive development parcels that conform to an overall plan for utilities and streets and to future land uses that have been approved by the Colville Tribes.
- Provides permitting, taxing, and financial advantages of locating on tribal reservation lands.
- Establishes development standards that assure new businesses and tenants that adjacent buildings and facilities will be built and maintained to a high level of quality.

WHAT IS THE DEVELOPMENT POTENTIAL IN THE CURRENT MARKET?

The market for industrial sites in the Omak area slowed but did not collapse during the recent economic recession. There is still a positive industrial market, but a strategy is recommended to broaden the types of uses in the industrial park to include other sectors, specifically compatible commercial businesses.

Key findings of the analysis of the current market and short-term forecasts include:

- Despite its relatively remote location, Omak is well connected to the Central Washington region and British Columbia through highway and rail systems.
- Population growth rates in Okanogan and surrounding counties increased slowly during the period from 2005 to 2010, indicating that the recession did not cause a large number of families to move out of the area. These growth rates are a positive indicator for future increased demand for goods and services.
- While total employment continues to decline, there have been significant gains in the manufacturing, wholesale trade, and transportation, warehousing, and utilities sectors.
- It appears that the Omak area can be competitive in providing a labor force, but a realistic assessment of occupational skills would shift focus away from industries with highly specialized labor force requirements.
- Market forecasts indicate that economic development efforts in Omak should diversify the targets of opportunity by adding focus on compatible commercial operations such as the professional and business services sector and opportunities to develop “homegrown” businesses to the industrial park.
- In the current economic environment, competition for business is particularly difficult and the Colville Tribes will likely have greater success by expanding their own local industries rather than recruiting companies from outside the area.

WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF AN INDUSTRIAL PARK IN THIS LOCATION?

Understanding the economic advantages and disadvantages of the Omak area is important in developing a successful marketing and business plan for the business and industrial park. Taken together, there are enough advantages relative to similar industrial properties in smaller cities in the region to make the proposed business and industrial park in Omak a marketable commodity.

- Labor force—the existing labor force is an asset, but is limited by lack of specialized training. This would make it difficult to attract industries with highly technical or scientific skill requirements. Local educational systems and recruiting from outside the area can improve the specialized skills of the labor force.
- Transportation System—a positive factor, except for the absence of commercial air services. While several other communities in the region can offer the same or better capabilities, the systems available at Omak can meet the needs of most companies.

- **Business Services**—there are few support services in Omak for businesses, such as office supply stores and copy services. A small business support center could help to solve this problem.
- **Utilities**—The Colville Tribes may be able to offer a unique advantage by providing electric power and waste heat from its power plant at the industrial park site. If this could be developed, it could provide a powerful resource for marketing the project.
- **Capital**—Assistance provided by the Economic Alliance in accessing capital is an important asset for the Omak area, as is the North Central Washington Business Loan Fund.
- **Business Climate**—The Colville Tribes can create a business-friendly environment through its relatively simple and efficient regulatory permitting system and the financial and tax advantages of operating on reservation lands.
- **Parcel Options**—The business and industrial park can offer a variety of parcels for sale or lease to give prospective companies location choices. This is a strong marketing advantage when compared to communities that have only one site to offer.
- **Quality of Life**—Omak's small-town charm and access to the outdoors are a definite asset.

WHAT BUSINESSES ARE MOST LIKELY TO LOCATE IN THE BUSINESS AND INDUSTRIAL PARK?

The target industry analysis and resulting targeted sectors are changed in this updated report from what was found in the original plan. For example, one of the recommendations in the original plan has since been developed—the Tribal Trails gas station and convenience store on the east side of Highway 97. Some recommendations are no longer viable either because of changes in overall market conditions or because of the closure of the CIPV. Some new industries have emerged since the original plan that are targeted for the Omak Business and Industrial Park. These include a large cluster in the energy sector, specifically biomass electric generation, food processing utilizing steam by-products from the electric generation, manufacture of “bio-bricks” as fuel sources that can be sold to other electricity-generating plants, and manufacture of a range of biofuels for both domestic and export consumption.

The target industry analysis looks beyond recruiting outside companies to Omak, giving equal attention to the development of new tribal businesses as well as locating commercial businesses and entrepreneurial startups in the business and industrial park.

The industrial sectors recommended as targets for the Omak Business and Industrial Park were selected on the basis of the following criteria:

- They are part of industry clusters that already have a presence in the Okanogan County area; therefore there are linkage opportunities associated with them.
- They are industries that can be supported by the resource base in the area, providing competitive advantages for their location in Okanogan County.
- They are industries that have viable growth trends in the local area, the state, the nation, or all three.
- They are industries that might be able to benefit from specific advantages that can be offered by the Colville Tribes and the location of the site on tribal lands.

The analysis of these criteria produced the following set of primary targets:

- Wood products (construction materials cluster)
- Food products (processed food cluster)
- Recreational and travel vehicles (prefabricated enclosures cluster)
- Power generation and transmission cluster (including renewable energy)
- Metal manufacturing cluster
- Plastics cluster

In addition to these manufacturing sectors, a commercial cluster of businesses can be targeted that can use the Highway 97 frontage to draw customers from both the highway traffic and the firms operating in the business and industrial park.

WHAT IS THE SITE PLAN?

A site plan has been drafted based on the physical characteristics of the land; the economic analysis; and the direction of tribal leadership, tribal members, and staff. The site plan includes:

- Industrial Parcels—Approximately 54 acres of land subdivided into different-sized parcels to accommodate a variety of light industrial and warehousing uses. The industrial parcels are served by a central road that provides an efficient connection between Rodeo Trail Road and State Route 155.
- Potential Areas for Future Expansion
 - Business Activity Center—conversion of buildings on Jackson Street to provide spaces for small commercial businesses. These buildings could provide work spaces for businesses currently operating out of the homes and garages of tribal members.

- Highway 97 Frontage—development next to the Tribal Trails service station and convenience store could complement this successful enterprise and provide space for new commercial businesses that capitalize on the highway traffic and access.
- Heavy Industrial Area Expansion—the top of the ridge south of the industrial parcels could be used for industries including manufacturing, storage, or renewable energy facilities. Because of the sensitive nature of the steep slopes, development of this area should receive special review.

Development standards have also been prepared to guide the aesthetics and design of future buildings and structures in the business and industrial park.

HOW DO THE COLVILLE TRIBES CONSTRUCT AND MANAGE THE BUSINESS AND INDUSTRIAL PARK?

The business plan section of the Plan begins by noting that two very important changes have occurred since the 2005 report was written: (1) adoption of a Uniform Commercial Code by the Colville Tribes in June 2011; and (2) reorganization of CTEC and formation of the Colville Tribal Federal Corporation (CTFC). The CTFC was organized under federal laws and provides significantly greater financial and legal protections for the Colville Tribes than does CTEC.

The business plan provides recommendations for developing, marketing, and managing the Omak Business and Industrial Park. These three elements are not necessarily sequential, but they all must be addressed at the outset of and throughout the project. Over time, there will always be requirements for management even when all of the properties are leased and built-out. There may also be ongoing requirements for redevelopment and marketing if there is turnover in the tenant base.

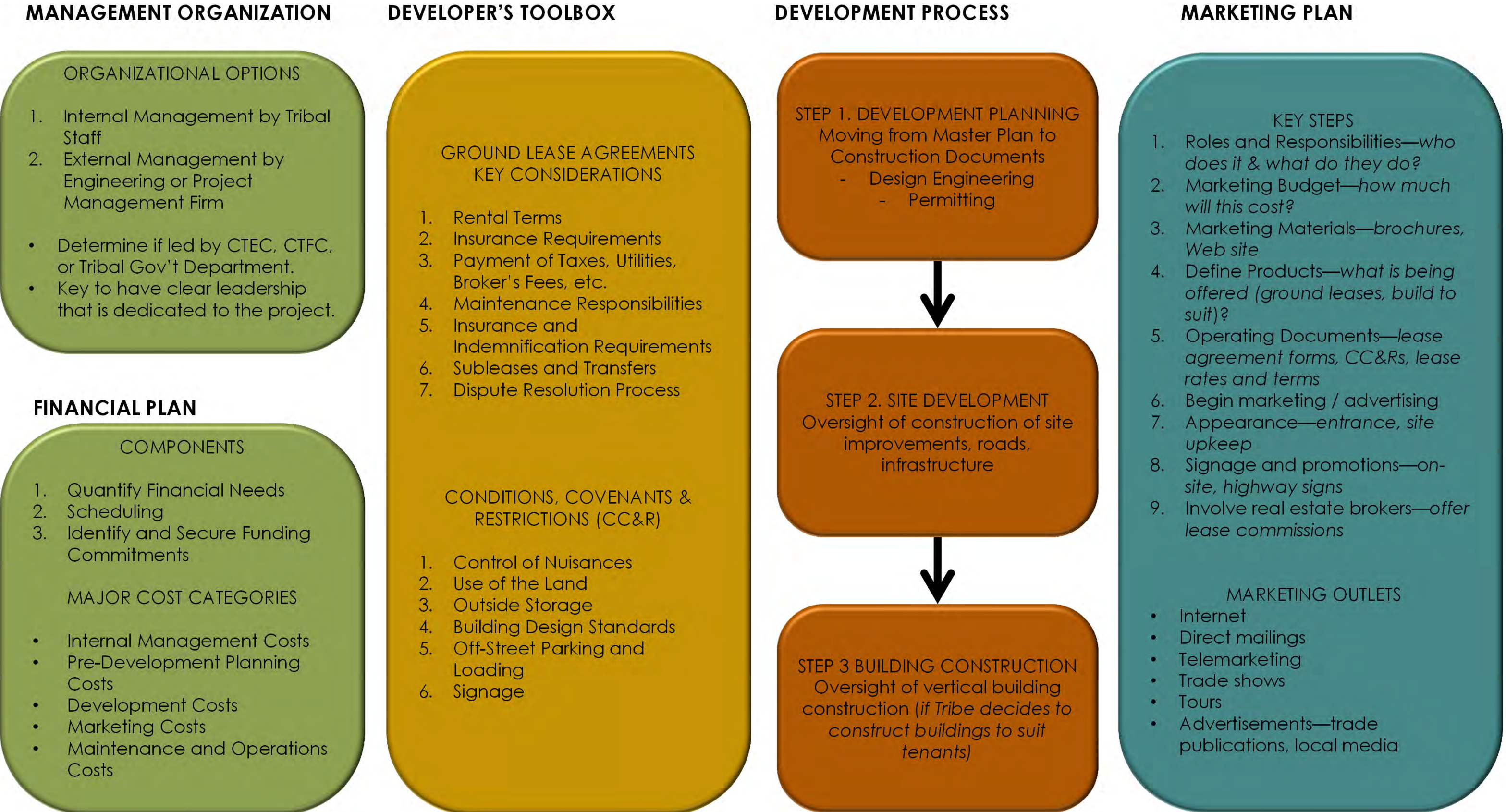
As much as possible, alternatives are explored with the idea that the Colville Tribes will have to make decisions on what course they want to take.

The major steps in development, marketing, and managing the industrial park are illustrated in the following diagram (See Figure 1-1).

In general, this update finds that the Omak Business and Industrial Park is as marketable a commodity in 2011 as it was in 2005. The recession has slowed the economy down but has not stopped its continuing growth. However, some of the opportunities have changed, especially with the addition of the whole power generation and biofuels clusters. The report also recommends that the Colville Tribes broaden their outlook for the industrial park to include some of the fast-growing commercial sectors of the economy.

Figure 1-1

OMAK BUSINESS AND INDUSTRIAL PARK BUSINESS PLAN



2 DESCRIPTION OF THE SITE PLAN

The future Omak Business and Industrial Park is proposed as a subunit of the larger, 386-acre CIPV industrial site. The land is owned by the Colville Tribes in fee, not trust, status. The CIPV site has a long history of industrial use that has provided family wage employment for tribal members and the surrounding community. The objective of this Plan is to explore how the land adjacent to the CIPV can be developed to continue to provide economic opportunity for the community. The site plan for the property is based on analysis of the physical conditions of the land, the capacity of infrastructure, and the demands of the market.

LOCATION

The proposed business and industrial park site is located on the west side of the CIPV, south of an existing City of Omak residential neighborhood, and east of Rodeo Trail Road. This site contains roughly 60 acres (See Maps 1 through 3). The site has access to Route 155 (.25 mile north on Jackson Street) and Rodeo Trail Road at the western property line.

The site is readily developable, as it is relatively level, free of rock outcroppings, wetlands, existing trees, and other fragile ecosystems. The site is also a cohesive unit of land, dimensionally appropriate for subdivision into smaller industrial sites, and adjacent to tribal land if future expansion is warranted.

The Plan includes the existing overhead crane building (75,000 gross square feet) and open land on the south side. This large and sound structure offers businesses an immediate manufacturing or storage facility, with rail access. Located at the eastern edge of the business and industrial park, the building provides an effective buffer between the CIPV, to the east, and new businesses to the west.

LEGAL DESCRIPTION

Township 34 range 26 sections 35 and 36

Containing these tax lots or portions of tax lots, which are all under the control of the Colville Tribes:

Tax Lot Number	Size (acres)
Tax Lot 99	17.20
Tax Lot 600	14.74
Tax Lot 37 (western portion)	34.70
Tax Lot 111	0.80
Total area	67.44

Additional tax lots located north of the rail spur and south of Eighth Street should be consolidated for use as an open space buffer. This will provide a recreation opportunity for the neighborhood residents while providing greater separation from the industrial activities. Several lots are owned by CTEC, while others have individual owners.

PROPOSED USES

Based on market analysis and surrounding land use, the site has greatest potential to be developed for a mix of light industrial, heavy industrial, and commercial uses. The market analysis indicates continuing demand for industrial uses that complement the skill set of the local labor forces and capitalize on the proximity to

Summary of Development Lots

Light Industrial

- Four parcels (19.7 acres total)
- Size range: 2.5 to 8.0 acres

Heavy Industrial

- Seven parcels (26.3 acres)
- Size range: 1.6 to 6.7 acres

Interstate 97 (see Sections 5 through 7). Providing for a range of uses creates flexibility to respond to market changes and also allows the development to appropriately buffer different uses to minimize potential conflicts. For example, the light industrial and commercial uses create a transition that buffers the residential neighborhood from the heavy industrial uses that may generate louder noise.

The site plan for the business and industrial park creates 11 lots of varying shapes and size, totaling 54.2 net acres. The lots range from approximately 2 to 8 acres to accommodate different potential users. A single user could also combine multiple lots if a larger site were needed. All lots will have road frontage and will be served by water, sewer, and power infrastructure.

Design standards for the business and industrial park have been drafted (see Section 3) to guide the appearance of and set a level of quality for development of the site. The design standards provide a real value to the site by establishing expectations and a standard for maintenance that will protect long-term investment.



Photo 1. Site of proposed business and industrial park with crane building in background

ACCESS

The Plan recommends a single three-lane street providing access to the business and industrial park. This street provides direct access between Rodeo Trail Road and Route 155, with additional access to the CIPV and other locations. A short secondary street will provide access to interior lots on the north side.

In addition to excellent street access, several lots are served by rail. This feature expands the market opportunities for the business and industrial park.

PHASING

Construction of the business and industrial park can take place in phases, from the outside in, as demand warrants. However, it is recommended that the central street and underground utilities, streetlights, and landscaping be constructed at once to secure the best costs and create an immediate positive impression in the marketplace.

ENVIRONMENTAL CONCERNS

The greater CIPV complex including the proposed business and industrial park has undergone extensive environmental review and testing. Documents prepared by URS Engineers of Spokane, and reviewed in the course of preparing the master plan, do not indicate any contamination impacts in the proposed business and industrial park. Although no adverse environmental conditions are known to exist, it is recommended that the consultant's findings be confirmed before leasing and construction.

ADDITIONAL RECOMMENDATIONS FOR LONG-RANGE DEVELOPMENT

The Omak Business and Industrial Park occupies a site that has long-range strategic advantages for the Colville Tribes. When viewed in the larger context of Omak, the site could become part of a much larger commercial development made up of a variety of commercial and industrial activities. A comparable example can be seen at the north end of Omak, where a new business park has been planned offering small sites for commercial uses. A new hotel (built in 2004) and restaurant occupy a key site at an intersection of Highway 97 and a new interior street. This type of development could be located on tribal land adjacent to the business and industrial park, provided a long-term strategy was created jointly with other jurisdictions having common interests.

This is a summary of the conceptual ideas illustrated on the accompanying exhibits:

- Additional commercial development opportunities on tribal land are located on the east side of Highway 97, adjacent to the Tribal Trails gas station and convenience store (see Map 2, Land Use Designation 3). Developed under the terms of a master plan, this valuable land provides potential economic success because of its highway frontage and location adjacent to the future business and industrial park. A future road could potentially connect Route 97 with the business and industrial park, the CIPV, and Route 155. Access is subject to Washington State Department of Transportation (WSDOT) approval. Land use changes would require tribal action.
- Properties along Jackson Street could be redeveloped as a business activity center where tribal entrepreneurs could establish storefronts and offices (see Map 2, Land Use Designation 4). These businesses could be supported by CTEC through joint marketing, coordinated internet sales, and management training.
- The tall slope located south of the business and industrial park should be protected and also enhanced with additional native plants. This will provide wildlife habitat, reduce erosion, and beautify property.
- The upper terrace is not currently represented as part of the business and industrial park (see Map 2, Land Use Designation 5). This area should be considered for future development under special use review, for industrial, agricultural, recreational, or open space purposes.
- Future development of land south of the business and industrial park should be considered. A street linking the business and industrial park with Rodeo Trail Road would provide efficient traffic circulation.



Photo 3. North End of Jackson Street. Note mix of commercial, residential, and institutional buildings.

PUBLIC MEETINGS

The consultant team has received comments and suggestions from a wide variety of individuals and public agencies, tribal members, and CTEC staff.

Major public meetings were held during the development of the original Master Plan in 2004. These meetings were publicized in advance and held at locations convenient to tribal members and the community.

February 26 Meeting with CTEC in Coulee Dam

March 5 Kickoff meeting and tour of site in Omak

April 20 Community meeting in Omak

April 21 Community meeting in Nespelem

August 9 Community meeting in Omak

August 10 Council meeting in Nespelem

August 10 Community meeting in Omak

August 19 Interjurisdictional Transportation meeting in Omak

3 SITE AND TRAFFIC ENGINEERING

The planning update did not alter the infrastructure needs of the industrial park, so this section has not been updated from the original Master Plan document. Please note that construction cost estimates are given in 2005 dollars and may have increased due to inflation.

3.1 SITE UTILITIES

To effectively serve the proposed sites within the 60-acre parcel that is the focus of the study, site utilities such as water, sewer and power need to be brought to a point where the individual sites can be serviced. The Site Specific Plan outlines specific parcels that range in size from approximately 1.6 acres to 8 acres (See Map 3). A proposed road between Rodeo Trail Road and Jackson Street that provides access to the parcels can also serve as the main utility corridor, containing underground water, sewer, power, and telephone service (See Map 4).

Several options are presented in each of the primary utility systems to provide alternatives that could be selected based on demand and resources. The options are outlined in greater detail in subsequent paragraphs. It should be noted that the costs presented in this report are based on the higher of the various options. The actual development costs could be substantially less if lower cost options are considered or the site is partially developed. Also, preliminary sizing of various utilities are based on an employment population of between 350 to a maximum of 1,000 employees. The costs presented also represent the higher population.

Design standards should generally follow either Okanogan County or Bureau of Indian Affairs standards.

WATER SYSTEM

The existing CIPV is currently served by a well located on the west portion of the study area, with a 20-inch supply pipeline to the mill and power plant. According to CIPV personnel, the existing well operates at one third of its 950 gallon per minute (gpm) capacity. This leaves approximately 600 gallons per minute available for the Industrial Park. Based on a typical demand of 15 gallons per day (gpd) per capita for a maximum projected employee population of 1,000 people, total peak demand is estimated to be approximately 83 gpm. The peak demand assumes that 2/3 of the daily demand will occur during a 2-hour period within the typical workday. Based on these assumptions, it appears that there is adequate capacity in the well to supply the needs of the industrial park. It should be noted that the typical demand of 15 gpd is based on domestic use and does not include any industrial usage.

CIPV plans to replace the existing 20-inch supply pipeline. Although the exact location of the pipeline could not be determined at the time of the study, it is surmised to be in the vicinity of the north property line. It is recommended that

the pipeline be relocated as close as possible to the north property line when it is replaced, to maximize available property for development and minimize easement encroachment.

Connection to the existing system can be made at the intersection of the Jackson Street extension, just south of Eighth Street. The main pipeline will parallel the Jackson Street extension to Rodeo Trail Road. Distribution piping can also be extended from the main pipeline into side streets to serve smaller parcels if desired.

A storage reservoir with a capacity of 120,000 gallons is also recommended for both fire protection and live storage in case the well experiences a malfunction. The fire protection is based on a building fire sprinkler demand of 1,200 gpm for 1 hour, assuming a building requires a sprinkler system. The live storage is based on a peak demand flow of 5,000 gpm for 2 hours, with an allowance factor added. Fire hydrant locations are based on a maximum spacing of 500 feet.

A schematic layout of the water system is shown on Map 6. Costs are estimated to be in the range of \$400,000 to \$500,000.

SANITARY SEWER

The CIPV plant is currently connected to the City of Omak's sanitary sewer system, in the vicinity of Eighth Avenue and Jackson Street. According to City and CIPV staff, the connection primarily services employee restrooms. Based on the discussions with CIPV and City of Omak staff, no major industrial waste or large quantity of domestic waste is currently discharged into the City's system. The City also indicated there was adequate capacity in the sewage treatment plant to accommodate additional domestic discharge generated by the Industrial Park development. City staff also added that there was no capacity to accommodate any process waste that may be generated by an industry that relies on heavy water use such as food processing.

Sanitary sewer load is estimated to be approximately 15 gallons per minute per capita, with an employment base between 250 and 1,000 people for the industrial park. Disposal can be in one of three possible means, as follows:

- Collection and connection to City of Omak system
- Collection and on-site treatment and disposal
- Individual drain fields

Option 1 consists of a sewer line that follows the Jackson Street extension, with service connections to adjacent properties. Due to the slope of the site and suggested street alignment, sewer drainage falls to the low point of the main line near the intersection of the Jackson Street extension with Rodeo Drive Road. Since the existing ground at the terminus of the main sewer line is at least 10 feet lower than any potential connection to the existing City sewer system, a sewage package-type lift station will pump the collected waste to a connection point along Eighth Avenue.

Option 2 is similar to Option 1 except the lift station connects to an on-site treatment system instead of connecting to the City system. A proposed location for the treatment plant is the southwest corner of the Industrial Park. A package treatment system such as manufactured by Advanced Treatment Systems, Inc, is well suited for this application.

Option 3 consists of individual septic drain fields for each parcel in the Industrial Park. The advantage of using an individual system is cost and flexibility. It allows for individual site development without the expense of a fully developed system connected to either the City or an on-site treatment. The disadvantage is that a portion of each site needs to be set aside for the drain-field, possibly hindering total site utilization.

Schematic layouts of Options 1 and 2 are shown on Map 7. Cost ranges for the various options are as follows:

- Option 1 - Connection to City System: \$165,000
- Option 2 – On-site Treatment: \$32,000
- Option 3 – Individual Drain Fields: \$25,000

STORM DRAINAGE

The site generally slopes from the east to the west, at a slope between 6 and 7 percent. The Jackson Street extension generally falls along the same slope. Stormwater runoff can be collected either by (1) curbs and catch basins connected to a storm sewer main that follows the Jackson Street extension alignment, or (2) with drainage ditches alongside that roadway alignment and under driveways and intersections through a culvert. The collected runoff is discharged into a drainage swale at the intersection of the Jackson Street extension and Rodeo Trail Road.

“On-site drainage” for the individual parcels can be addressed by a series of catch basins and drywells, which allow the collected rainfall to be absorbed into the ground. Pollution is prevented from entering the system by the use of “trap”-type catch basins, which separate lighter than water pollutants such as oil, and sediments from the water which is allowed to pass through to the collection pipes.

The quantity of stormwater runoff is estimated using the “Santa Barbara Urban Hydrograph”. The assumptions used are as follows:

- Storm Hyetograph: SCS Type II
 - Return Period – 10 years
 - Storm Duration – 24 hours
 - Total Rainfall – 1.6 inches

Comparing a pre-development impervious area of zero percent to a post-development impervious area of 50 percent, runoff volume is estimated to be approximately 125,000 cubic feet. This will require a containment/retention

pond or swale of approximately 700 feet long by 30 feet long by 6 feet deep. Variations of this combination can be made to accommodate the drainage swale along the west property line adjacent to Rodeo Trail Road. The swale can incorporate vegetation features that blend with the surrounding landscape and be an asset to the site's aesthetics. The use of on-site drainage can significantly reduce this swale requirement.

Also, the use of roadside drainage ditches and culverts instead of curbs/gutters and catch basins will also reduce the swale size requirements, as the ditches allow for collection, treatment and absorption into the ground. Specific vegetation can be specified that will facilitate treatment.

A schematic layout of the stormwater collection/drainage system is shown on Map 5.

Costs for this system are estimated to be in the range of \$100,000 to \$150,000.

ELECTRICAL POWER/TELEPHONE

The CIPV plant currently produces its own power from an existing 15-kv co-generation plant and there may some reserve capacity that could supply basic power needs for anticipated Industrial Park tenants. The local Public Utility District (PUD No. 1 of Okanogan County) has 3-phase service available adjacent to the site. In addition, there are transmission lines east of the site that could be tapped for additional power.

For the site, conduits for both power and telephone have been identified as part of the development requirements. It is assumed that a minimum of three transformer vaults will be necessary to provide electrical service to a fully developed site. Street lighting, placed at 150-foot intervals along the Jackson Street extension has also been identified. Total costs for the power and telephone are estimated to be approximately \$75,000.

ROADS

The schematic drawings indicate a single road connecting Jackson Street at the intersection with Eighth Avenue, proceeding southwest and then west towards a connection with Rodeo Trail Road. The total length is approximately 2,700 lineal feet. There are also two side streets, totaling approximately 700 feet. Based on a pavement width of 44 feet within an 80-foot right-of-way, lineal foot costs were developed. Separate costs for curb and gutters, and sidewalks are also presented, to facilitate design options that may choose to utilize ditches instead of a curb/gutter and collection system for stormwater.

Costs for roadway construction are in the range of \$340,000 to \$533,000.

3.2 PRELIMINARY TRAFFIC REPORT

INTRODUCTION

The following preliminary report presents the initial data collection findings for the proposed Omak Business and Industrial Park. The property is located south of SR 155, and east of the Okanogan River. The abrupt toe of the nearby foothills approximates the south and east site boundaries. The remainder of the site is generally flat. The property is being considered for development of an industrial park.

The property is bordered on the north and west by the City of Omak. Okanogan County borders all other remaining sides of the property. Several public roadways are located near the property including SR 155, SR 97, Rodeo Trail Road, 8th Avenue East, and Jackson Street South. A railroad line is parallel to Rodeo Trail Road, 8th Avenue East, and SR 155. Each road has at grade crossings over the railroad line.

STUDY LIMITATIONS

The report is limited to readily available City, County, and State records. The primary issue of the report will focus on property ingress/egress with SR97, SR155, Rodeo Trail Road, 8th Avenue East, and Jackson Street South.

EXISTING CONDITIONS

RECORDS

A request for information to WSDOT, City of Omak, and Okanogan County was made on 9/9/04. The following data was received and is used in this report:

Omak

1. **6 year Transportation Improvement Program (TIP) 2005-2010**
2. **Greater Omak Area Comprehensive Plan 2003 Update**

Okanogan County

3. **6 year Transportation Improvement Program 2005-2010**
4. **Traffic Counts for Rodeo Trail/8th Avenue , SR 155/Jackson Street**
5. **Draft Central Okanogan Valley Transportation Study 2004**
6. **Binding Site Plan Ordinance amended 12/68/86**
7. **Subdivision Ordinance amended 8/28/95**

WSDOT

8. **3 year Transportation Improvement Program 2005-2007**

9. North Central Region 2005-2008 Projects

10. SR 155: R/W plans, Access Plans, Route Development Plan, TRIPS, orthophoto's

FIELD SURVEY

No field survey work is included in this scope of work. Final at grade Intersection sight distance determinations will require a field crew to visit the site at a later date

GENERAL ROADWAY DESCRIPTIONS

SR 97 (WSDOT)

1. Project Frontage	None
2. Terrain	Rolling
3. Channelization	Two 11.5' lanes with 8' shoulders
4. Posted Speed	60 mph
5. Access Management	Partial Control Limited Access
6. ADT	5880 (1998), 9458 (2022)

SR 155 (WSDOT)

7. Project Frontage	None
8. Terrain	Level
9. Channelization	Two 12' lanes with 8' shoulders
10. Posted Speed	35 mph
11. Access Management	Managed Access
12. ADT	2575 (2003)

Rodeo Trail Road (Okanogan County)

13. Project Frontage	None
14. Terrain	Level
15. Channelization	Two lanes with shoulders
16. Posted Speed	50 mph
17. Access Management	N/A
18. ADT	N/A

8th Street East (Omak)

19. Project Frontage	None
20. Terrain	Level
21. Channelization	Two lanes, parking and curb/gutter both sides

22. Posted Speed	Assumed 25 mph
23. Access Management	N/A
24. ADT	N/A

Jackson Street South (Omak)

25. Project Frontage	None
26. Terrain	Level
27. Channelization	Two lanes, parking and curb/gutter both sides
27. Posted Speed	Assumed 25 mph
28. Access Management	N/A
29. ADT	N/A

TRANSPORTATION IMPROVEMENT PROGRAM/COMPREHENSIVE PLAN RECOMMENDATIONS

OKANOGAN COUNTY

The 6 year TIP for Okanogan County, 2004-2009, outside of routine seal coating or asphalt overlays, does not project any Rodeo Trail Road work.

The Greater Omak Area Comprehensive Plan, 2003 update, recommends the following:

- Adopt LOS C for all streets; and Bike lanes along both sides of Rodeo Trail Road.

CITY OF OMAK

The 6 year TIP for City of Omak, 2005-2010, outside of routine seal coating or asphalt overlays, does not project any 8th Street East or Jackson Street South work.

The Greater Omak Area Comprehensive Plan, 2003 update, recommends the following:

- Adopt LOS C for all streets; and Bridge at 4th Street and new access to SR 97.

WSDOT

The North Central Region 2005 – 2008 Projects lists one Bituminous Surfacing Project for SR 155 for 2005. No other work is projected during this time period.

Access

The property is proposed to be developed in phases. Phase I, the objective of this analysis, would be located in the northwest and would utilize approximately 45.9 acres. Local ingress/egress would be at two locations:

1. **Rodeo Trail Road, south of its intersection with 8th Street East and**
2. **8th Street East/Jackson Street South intersection**

RODEO TRAIL ROAD

Traffic ingress/egress would be via a new three (3) or four (4) leg intersection located on the tangent portion of the roadway. Sufficient intersection at grade sight distance in either direction would be required. The posted speed for the road is currently 50 mph, which translates to an intersection at grade sight distance requirement of approximately 800 LF. A downward adjustment in the posted speed may be recommended at a later date, as development details become known.

A four (4) leg intersection could potentially utilize SR 97 via a new intersection/interchange. Since SR 97 is managed as a Partial Control Limited Access facility, the development of such an intersection/interchange is not recommended.

8TH STREET EAST/JACKSON STREET SOUTH INTERSECTION

Traffic ingress/egress would be via modification of the existing two (2) leg intersection into a new three (3) or four (4) leg intersection. Sufficient intersection at grade sight distance in either direction would be required. Both roadways have straight horizontal alignments with virtually no vertical deviations (they are essentially level roadways), which minimize intersection at grade sight distance concerns.

A three (3) or four (4) leg intersection would direct traffic north to the Jackson Street South / SR 155 intersection. Since SR 155 is managed as a Managed Access facility, the use and potential improvement of this existing intersection is recommended.

ANALYSIS

For the purposes of this report, the property will be considered an Industrial Park. The following trip generation is based on *Land Use: 130 Industrial Park, Trip Generation, ITE*. Average vehicle trip ends are based on the gross acreage of the Business and Industrial Park.

TURN LANE WARRANTS

Left turn and right turn lane warrants; and sight distances for at grade intersections are based on the minimum requirements outlined in Chapter 910 of the WSDOT Design Manual. The project has both turning movements entering and exiting the project site at four locations.

4 DEVELOPMENT STANDARDS

The Development Standards from the original Master Plan are still applicable, so this section has not been updated.

PART I - PURPOSE OF THE MASTER PLAN

The master plan is established to provide:

- Development of the subject property in a logical and orderly manner
- Establish a list of allowed uses, conditional uses and variance procedures
- Design and maintenance standards for sites and structures

PART II - SUB-AREAS WITHIN THE DISTRICT

17.03.516 LAND USES

LIGHT INDUSTRIAL AND MANUFACTURING SUB-AREA

1. The light Industry and Manufacturing sub-area is intended to provide a suitable location for manufacturing, assembly, fabrication, processing, packing, storage, wholesale, and distribution activities for the manufactured product.

HEAVY INDUSTRIAL SUB-AREA

2. The Heavy Industry area is intended to provide a suitable location for manufacturing, assembly, fabrication, processing, packing, storage, wholesale and distribution activities for manufactured and raw materials.

USES

1. Allowed uses consist of a broad range of industrial uses. Refer to Table 1 Land Use Matrix to determine which uses are allowed outright, conditionally allowed, or prohibited in each district.
2. Prohibited Uses, generally prohibited industries include:
 - Waste related industries
 - Retail sales
 - Rendering plants, feed lots, or stock yards

- Petroleum or chemical refineries
- Automobile wrecking yard
- Mineral extraction and
- Others determined by the Colville Tribes

3. Conditional Use

Conditional Uses are those uses that require review on a case by case basis because of their size or operation. These uses are subject to the conditional use regulations because they may, but do not necessarily, cause significant adverse effects on the environment, overburden public services, change the character of an area, create or foster nuisances. A review of these uses is necessary to minimize the potential individual or cumulative impacts these uses may have on the surrounding area or the established purpose of the Omak Business and Industrial Park.

The conditional use review provides an opportunity to allow the use when there are minimal impacts, to allow the use but impose conditions specifying mitigation measures to address identified impacts, or to deny the use if the impacts are substantial and the impacts cannot be mitigated.

**TABLE 4-1
LAND USE MATRIX**

USES	HEAVY INDUSTRIAL SUB-DISTRICT	LIGHT INDUSTRIAL SUB-DISTRICT
Residential Use	N	N
Commercial Use		
Eating and Drinking Establishments	N	N
Indoor Recreation	N	C
Outdoor Recreation	N	N
Adult Entertainment	N	N
Retail Stores	N	N
Repair Services	A	A
Rental Services	A	A
Automotive Services	C	C
Automotive and Equipment Sales	C	C
Business Uses		
Professional Services	N	N
Medical and Dental Offices	N	N
Office Based Research Facilities and Medical Laboratories	N	N
General Office	N	N ¹
Financial Institutions		
Light Manufacturing Processing and Fabrication	A	A
Research and Development	A	A
Outdoor Fabrication &	C	N

¹ Offices that are an accessory to an allowed use are allowed in the sub-district, up to 20% of the total building area

USES	HEAVY INDUSTRIAL SUB-DISTRICT	LIGHT INDUSTRIAL SUB-DISTRICT
Storage		
Heavy Industry	A	N
Waste Related Activities	N	N
Wholesale Sales	A	A
Equipment Sales, Including incidental service and repair (excludes retail sales of specific items on display),	A	A
Warehouse and Freight Movement	A	A
Railroad Yards and Loading	A	A
Agricultural Production²		
Refining Chemicals and Volatile Fuels	N	N
Automobile Wrecking Yard	N	N
Institutional Use		
Schools K-12	N	N
Vocational and Job Training Facilities	A	A
Pre-school/Childcare	N	N
Public Facilities	A	A
Sports Facilities	N	C
Churches	N	N
Fraternal Organizations	N	N
Cemeteries	N	N
Correctional Facilities	C	C
A = Allowed Use C = Conditionally Allowed Use N = Use Not Allowed		

4. Uses not Listed

Uses not categorized in the Land Use Matrix or this document are subject to Development Review Committee (DRC) interpretation. Appeals of decision may be made to the DRC.

5. General Restrictive Activities

- Maximum noise levels shall not exceed the City Standards.
- Vibration discernable at the property line without the use of measuring instruments is prohibited.
- Air emissions shall not exceed Federal or State air quality standards.
- Emissions of odorous gases or matter beyond the property of the industrial activity are prohibited.
- Outside activities producing heat or glare are prohibited. If such activities are required they shall be conducted within buildings.

² Agricultural production is allowed within greenhouses only. Field grown agriculture is not allowed.

- Do not involve bringing live animals or the waste or by-products of dead animals to the site.
- Do not involve highly combustible, explosive or hazardous materials or waste.

6. Restricted Activities in the Light Industry and Manufacturing Sub-district

- Activities are entirely enclosed within a building or structure whose appearance is compatible with normal industrial or office building design.
- Odors, noise, vibrations or other emissions are controlled within the confines of the building or structure.
- Do not entail outdoor storage of raw materials or finished products.
- Do not entail movement of heavy equipment on and off the site, except truck deliveries.
- Do not involve outdoor testing of products or processes on the site.
- Outdoor assembling and outdoor storage is not allowed in this district.
- Uses generating noises detectable from off site are not allowed.

PART III: DEVELOPMENT STANDARDS

Design of buildings and sites is important to the long-term success of the Omak Business and Industrial Park. Primary users and tenants will be attracted to a built environment of high quality with each building phase consistently executed, constructed with precision and care, and well maintained.

All requirements contained herein shall be met or exceeded.

Because these statements are subjective and not quantitative, a *Development Review Committee* will be established for the purpose of reviewing plans submitted to the Industrial Park Manager. The DRC will process the plans in a reasonable amount of time and work with the ‘developer’ (1) to reach an acceptable agreement. The DRC will have the authority to request modifications to any design submitted for review and its responsibility will include buildings, landscaping, site plans, lighting, signs, mechanical equipment locations, fences, and vaults.

TEMPORARY STRUCTURES

- Temporary buildings or other temporary structures shall not be allowed within the Industrial Park.

- Construction trailers and construction related temporary buildings will be allowed on site during construction periods.
- The structures must be removed within 30 days of construction completion.
- Temporary construction structures shall be located as inconspicuously as possible and shall cause no inconvenience to owners and occupants of neighboring parcels.

CONSTRUCTION ACTIVITIES

Construction activities shall not disrupt business and the operations of adjacent parcels.

- Construction activity shall not block access to any other parcel.
- The developer shall be responsible for the repair of any street, public feature, or adjoining property damaged during the course of construction.
- The developer is responsible for street cleaning necessitated by construction activity.
- The developer shall maintain a dust suppression program, water erosion prevention measures and wind erosion stabilization measures.

BUILDING SETBACKS – (FOR LIGHT INDUSTRIAL AND MANUFACTURING AND HEAVY INDUSTRIAL SUB-AREAS)

All buildings are to be set back from the property line to insure that adequate space is provided between buildings for safety, screening, and visual appeal.

Front Setbacks

All setback areas except those where parking is allowed and existing shall be landscaped.

Rear Setbacks

A ten-foot rear setback is required except for property or lease lines that abut a public right of way or that are adjacent to residential then the set back is 35 feet.

Rear setbacks that abut a front property line shall be 20 feet.

Side Setbacks

Buildings shall be set back from side property or lease lines 20-feet minimum.

Where side yards abut a street the setback shall be 35 feet from the property or lease line.

DRC may determine the side setback for corner lots to be less than 35 feet if the side yard faces another parcel within the industrial park.

Parking setbacks

Parking shall be setback from a front property or lease line by a minimum of 10-feet.

A parking setback of 10-feet minimum shall be used to separate parking from the front of the building for at least one quarter of the building facade.

All parking setbacks shall be landscaped.

Parking shall be setback 10 feet from all public right of ways and property lines that are next to a residential zone.

Landscape area requirement

A minimum of ten percent (10%) of the site area shall be landscaped in the Light Industrial and Manufacturing zone.

There is not minimum landscape requirement in the Heavy Industrial zone, however all parking setbacks shall be screened.

PART IV: BUILDING DESIGN

All buildings shall be built to contemporary business park standards as found in competitive locations. Buildings shall be designed to be visually interesting and not monotonous and with special attention to street facing building facades.

The use of canopies, parapets, fascias, and cornices is encouraged to break up large, uniform walls and indicate pedestrian entry areas. Such features shall be in proportion to the rest of the building. All buildings should also have a visible cornice or parapet in the form of overhangs or change in material detailing.

Designs shall utilize high quality materials with a finished appearance.

Designs should be “timeless” and long lasting so that the Industrial Park will not be prematurely dated. The design and materials shall fit within the existing geography.

BUILDING MATERIALS

- All building shall be constructed from a combination of tilt-up concrete, brick, metal, and glass.
- Wood may be used as an element of detail but not as a primary material.
- All buildings should have a visible foundation that provides a base for the primary façade material.

Tilt-up Concrete Buildings

When used as the sole material tilt-up panels facing a public street shall be punctuated by window and door openings for at least 20 % of the façade or a minimum of 25 feet, whichever is greater. Reveals and color may be used to provide visual interest.



Typical Industrial and Manufacturing Building Design- The use of two colors or materials helps provide visual-interest and articulate entries. Use of reveals in the concrete panels helps reduce the sense of mass along the blank walls. The use of plant materials and low walls screen the loading activities and adds visual relief across the building façade.

Masonry Block/Brick Buildings

Brick and split face masonry block should use coordinating colors and textures for interest and variety in the street facing facades.



Brick and Masonry block provide texture and interest to a simple shape.

Glass and brick treatment at corners provides visual interest and opportunity for business identities. A clear and direct pedestrian link is provided between the parking lot and the building entrance.

Metal Buildings

- The Street facing façade shall incorporate concrete or masonry block wainscoting or walls.
- The main entry shall incorporate non-metal materials and be articulated.
- Acceptable exterior metal walls and roof panels shall be anodized aluminum, weathering steel, and galvanized steel.
- Galvanized and coated steel shall have factory applied baked paint finish, resistant to chalking, fading and failure. Exterior finishes shall not cause glare.
- Metal panels shall have sufficient gauge and quality to ensure a rigid surface.

- Structural members and fastening devices shall be on the interior.



Metal Building with Masonry Wainscoting in the front - Special treatment at the building entry using glass, canopy projections and special materials provides both a clearly defined entry area and visual interest for warehouse and distribution uses.

EXTERIOR COLORS

Exterior surface colors shall be from the same family of neutral earth tones and consistent throughout each site, including gutters, downspouts, window frames, and doorways. Use of two or more colors is encouraged. Primary color shall be used for accents only.

WINDOW, DOORS, AND WALL ARTICULATION

- Designs shall use window and door openings as important elements.
- Monotonous and unarticulated facades which face a street are not allowed.
- Changes of materials, detailing, shadows, color, and texture shall be incorporated into the front building facades. Facade articulation shall include doors, windows, entry extensions, canopies, and interesting parapet treatment.
- Where front facing blank walls are required for the type of business operation, then the design shall be reviewed as a variance from this standard.

BUILDING ENTRIES

Entries shall be visually obvious with clear and direct pedestrian access. They shall be accentuated with a building material change, parapet, canopies, and landscaping.

PART V – SITE DESIGN

The site design for each lot will comply with the Development Standards outlined in this document in addition to related requirements and regulations of the Colville Tribes.

CIRCULATION, PARKING AND LOADING

Pedestrian Circulation

- Safe, direct, and all-weather access will be provided throughout the development.
- All pedestrian walkways meet the code requirements and provisions of the Americans with Disabilities Act.
- Clear and direct pedestrian access shall be provided from the street to the main entries of all buildings.

VEHICULAR ACCESS

- Vehicular access shall be provided to each lot. Shared driveways between abutting lots shall be employed where feasible.
- No more than one curb cut per lot will be allowed without DRC Approval.
- Curb cuts on each side of Omak Business and Industrial Park Road shall be no closer than 200 feet. Access to lots on opposite sides of the street shall be opposite each other or a minimum of 100 feet apart.

PARKING

The number and size of parking stalls for employees and visitors will be determined on a case –by-case basis and will meet the following standards:

- All parking areas will be surfaced with durable paving materials and be separated from landscape areas with a six- inch concrete curb.
- Rows of parking stalls shall be separated from drive aisles with a curbed landscape island at least 8-feet wide.
- As a general goal, parking for heavy equipment, trucks, trailers and other motorized vehicles shall be located in the rear of buildings and structures.

LOADING AND SERVICE ACCESS

The intent of this section is to reduce and mitigate direct visibility of service and loading activities.

- Loading facilities should be screened from streets and neighboring residential properties with a site-obscuring fence or wall with landscape material on the outside face for additional screening.
- The landscape screening area shall be 5 feet wide minimum.
- Loading and service access areas will be surfaced with a durable paving material and a six-inch concrete curb.



Where necessary, due to operational or site constraints, service docks may face the street if well organized and maintained in a neat and orderly manner and screened as possible. Utilities should be ground mounted and postal boxes should be safely accessible

LANDSCAPE AREAS

All pervious surfaces except permitted gravel areas shall be landscaped with healthy and well-maintained plant materials in a manner consistent with and complimentary to the native landscape. All landscaped surfaces shall be properly maintained and contribute to the visual appeal of the development and surroundings.

- Designs should make use of native and drought tolerant plant material.
- Landscaping shall employ a variety of trees, shrubs, and ground covers
- Boulders, gravel, and assorted rocks can be used as a design accent element that supplements the overall landscape plan.
- Bark, mulch, wood shavings, or other organic product shall be used as a supplement to the plantings and shall not be the primary design element.

- All landscape areas will be maintained and thrive. If irrigation is provided it shall be an automatic underground irrigation system.
- Manicured lawns and water dependent landscapes, not in keeping with the native landscape are discouraged. These types of landscapes may be employed on a limited basis at focal points such as building entries and around outdoor spaces for employee use.
- Landscape areas shall be maintained to prevent them from being a fire hazard.

LANDSCAPE BUFFERS

Landscape buffers are provided to screen between various uses. The buffers are composed of combinations of trees, shrubs, and groundcovers. Landform and certain walls may be combined with plant material to provide a visual barrier between different areas. Monotonous long rows of hedging are discouraged.

- Parking shall be visually separated from public streets by vegetation. A combination of hedges, informal screens, and mounds may be employed to perform this function.
- Landscape buffers between the interior streets and the parking shall be 10-feet wide minimum.
- Landscape buffers between loading and service areas and a public street or residential property shall be 10-feet wide minimum.
- A 10 feet wide landscape buffer is required where industrial park property faces Rodeo Trail Road or a residential zone.
- Spaces around buildings shall be landscaped with ground covers (limited lawn), shrubs, and trees. Evergreen and deciduous trees shall provide shade and be used as accents.



Informal plantings act as a buffer between parking areas and Public Street or neighboring parcels. Buffers act as wind breaks and can improve the micro-climate.

PARKING LOT ISLANDS

All parking lot islands shall be landscaped with ground covers and shrubs. Plant shade trees in islands at a density of one tree per 150 square feet of island area.

PLANT MATERIALS

Plant material used should provide visual interest and variety. Drought tolerant and native plant material should be used.

TRASH AND OUTDOOR STORAGE

- Materials, supplies, or equipment shall not be stored outside in the light industry and manufacturing sub-district. In the Heavy Industry sub-district unless screened from a neighboring parcel or street.
- Materials, supplies, or equipment shall not be stored in the front yards in the Heavy Industry sub-district and the areas will be screened from the street.
- Trash areas shall be set back 35' from the front right of way line.
- Waste and recycling dumpsters shall be screened from view on all sides by durable, high quality and sight obscuring fence, at least six feet high.
- Outdoor storage shall not occur in parking or loading areas.
- Outdoor storage area shall have a paved surface. Gravel surfaces are allowed where appropriate and are subject to Development Review Approval.

FENCING AND WALLS

Fencing and walls are allowed if they necessary for security or containment of operations. Outdoor fabrication and assembly areas within Heavy Industrial sub-areas shall be fenced. Fencing and gates shall be chain link or other durable material.

PART V – FIXTURES AND FURNISHINGS

SIGNS

Signs are defined as lettering, numbers, and business logos associated with a building or site for purposes of business identification. The DRC must approve all signs

- Each parcel is allowed one monument style sign located near the property or lease line. Monument signs shall be concrete, stone, masonry, or wood (durable large dimension outdoor wood only) and limited to 5-feet high and 50 square feet.

- Each building is allowed one address and or business logo at the top corner of the building.
- Additional identification is allowed near the building entrance. Letters and logos cannot exceed 12-inches in height and 24-square feet overall.
- Multi-tenant parcels are allowed a single monument sign with multiple business identifiers, and each tenant in a multi-tenant building is allowed a logo or business identifier above the entry. The letters and logo of such a sign shall be no more than 10-inches in height and 12-square feet overall. Each entry door can have business identification.

LIGHTING

All streets will have streetlights provided by the Omak Business and Industrial Park. This section applies to:

- Outdoor security lighting
- Parking lot and pedestrian lighting
- Signage lighting
- Accent lighting shall meet illumination levels necessary to meet the safety and security requirements of the property users, but shall not be excessively bright.

Parking lot lighting fixtures shall be consistent throughout the industrial area and be mounted no higher than 30 feet high.

All lighting will be powered with underground power connections. Overhead wires are not allowed.

Light shall not shine off the property or into any adjacent non-Industrial Park property.

No moving or flashing lights are allowed.

Utilities and Mechanical Equipment

- All utilities shall be constructed below grade unless screened by sight obscuring vegetation.
- Satellite dishes shall be appropriately screened.
- Roof mounted equipment shall be located within an area that is screened on all sides.

PART VI – PROCEDURES

DEVELOPMENT REVIEW COMMITTEE

This Committee will be established by the Business and Industrial Park Manager and Tribal Council and will consist of at least three individuals, two of whom

have expertise in civil engineering, architecture, or landscape architecture. The third shall represent the Colville Tribes. The DRC will review plans based on this document and the applicable policies and regulations of the Colville Tribes.

- The DRC will be responsible for reviewing site plans, signage, building design and landscaping, and
- Will recommend design revisions and methods to correct deficiencies.
- Will meet to review plans.
- Will have 28 days after a hearing to publish its findings.

PART VII – MAINTENANCE STANDARDS

Tenants will be responsible for maintaining their property in a fashion that reflects the standard of a first class Industrial Park.

- Developed lots with areas for future expansion shall be maintained in a neat and orderly fashion including the elimination of all weeds noxious or otherwise. Grass shall be planted and established to reduce wind and water erosion. The grass shall be maintained at a height no greater than 12 inches.
- Each property tenant is responsible for maintaining all improvements. The buildings and site shall be kept in a continuous, clean, and attractive condition free of fire hazards and injury risks.
- Tenants are responsible for the cost maintaining the condition of their buildings and of regularly attended landscape maintenance including weeding mowing, pruning, replacement, and watering.
- Tenants who do not maintain the landscape will be assessed the cost of such maintenance by the applicable authority.
- No trash, debris or rubble of any kind shall be allowed to accumulate on any lot.
- Tenants are responsible for maintaining adequate exterior lighting on their site.
- The Colville Tribes are responsible for maintaining the streets and public rights of way.

5 MARKET ANALYSIS

The research and analysis in this report updates findings and recommendations originally developed for the Omak Business and Industrial Park Master Plan that was produced for the Colville Tribes in 2005 using the best data available at that time. Since then, a major recession has impacted all economic trends in the Omak market region and beyond, changing the profile of opportunities for development of the industrial park. This current study aims at developing a new set of opportunities based on the changed characteristics of the market.

This update follows the same format as the applicable sections of the 2005 study:

- Section 5 Demographic and Economic Profile, Market Analysis
- Section 6 Competitive Position Analysis
- Section 7 Target Industry Analysis
- Section 8 Business Plan

The ***projected outcome*** of this approach is a feasibility analysis for the development and marketing of the industrial and commercial lands owned by the Colville Tribes in Omak. The first three sections provide the rationale for the Business Plan, which contains specific recommendations for attracting market demand to the Tribal lands and converting that demand into revenue-generating land leases and employment-generating capital investment. While much of the analysis applies to the entire Omak region, the results are focused on the Tribal lands.

As before, there are two components of the approach used for estimating potential demand:

1. **Objective analysis of available data, including comparisons of the demographic and economic patterns and trends in the Omak area compared to the surrounding region and the State of Washington.**
2. **Subjective analysis of the ability of the Omak area to attract market share from the patterns and trends of economic activity in the larger markets, especially regional, state, and international markets. The proximity of Omak to eastern British Columbia makes it necessary to include some Canadian data in the analysis.**

This report also considers opportunities to develop new, local demand generated through entrepreneurial starts-ups or business incubators.

Some of the information provided in the 2005 study is repeated here to avoid having to cross-reference between the two studies. This primarily includes

introductory information such as geographic location and the overall description of the market area.

ANALYSIS OF DATA

Data that are evaluated in this report include the following:

- Population trends and characteristics
- Labor force and employment trends and characteristics
- Business and industrial profiles showing relative sector concentrations, patterns and trends.

The purpose of the analysis is to provide a profile that will be useful in designing the Master Plan update for the business and industrial park, not to provide an exhaustive research study. Only enough data are provided to support the relevant conclusions.

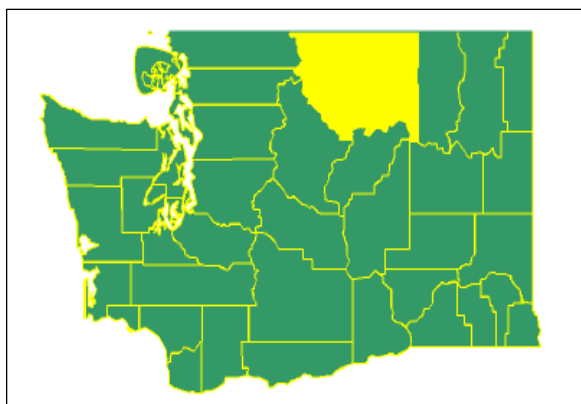
The following geographic areas were selected as the economic market for Omak:

- Primary market area – Okanogan County
- Secondary market area – Chelan, Douglas and Ferry counties
- Extended market area – State of Washington, south central British Columbia

Market linkages are strongest in the local market area than they are in the secondary and extended markets. However, opportunities to develop market linkages in those larger markets will be included as part of the marketing strategies.

5.1 INTRODUCTION TO OKANOGAN COUNTY AND OMAK

Okanogan County is situated in north central Washington State. It is bounded to the west by Whatcom and Skagit counties, to the east by Ferry County, and to the south by Douglas and Chelan counties. Its northern border is the province of British Columbia in Canada.



*Map of Washington Counties;
Okanogan County Hi-lighted in
Yellow*

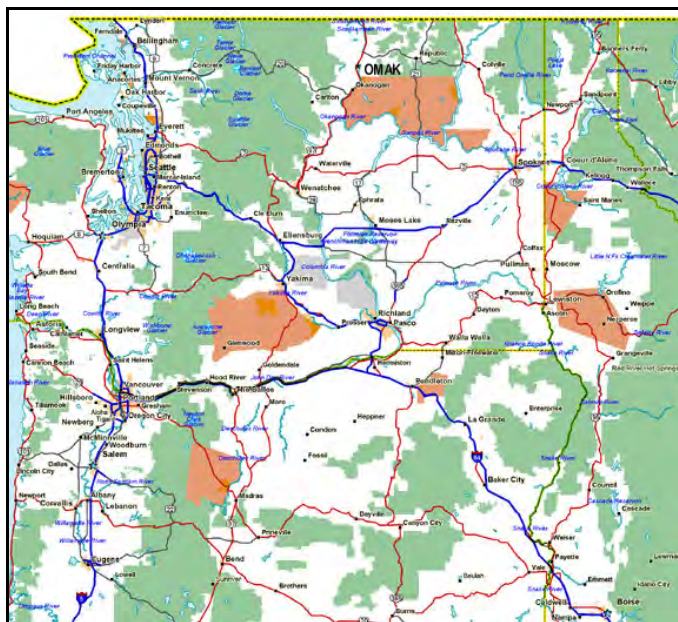
Okanogan County is the largest county in Washington, containing 5,281 square miles or about 8% of the total geographical area of the state. The western part of the county consists mostly of the rugged Cascade Mountains and the Okanogan National Forest. Large areas of the central and southern parts of the county consist of mountain valleys, rolling hills and grassy ranges that slope gradually down to the Columbia River, which forms its southern border.

The City of Omak is situated near the center of Okanogan County on US Highway 97.



Map of Region around Omak

US Highway 97 runs north/south through the middle of the county, providing highway links to the other regional and extended markets. This federally-designated express route connects central Washington and Oregon with the I-5 freeway in northern California to the south and interior British Columbia to the north. In addition to producing tourism opportunities for Okanogan County, it also provides the trucking capability to transport goods into and out of the area.



Regional Highway Transportation Map

ROUTES AND DISTANCES TO MAJOR MARKETS

British Columbia border via US Hwy 97	46 miles
Wenatchee via US Hwy 97	98 miles
Spokane via WA 155/174 and US Hwy 2	141 miles
Ellensburg & I-90 Freeway West	161 miles
Moses Lake & I-90 Freeway East	190 miles
Yakima & I-82/I-84 Freeway East	199 miles
Seattle via US Hwy 97 & I-90	240 miles
Portland via I-90 & I-5	393 miles
Boise via US Hwy 97, I-82 & I-84	481 miles

Source: DeLorme Street Atlas USA

5.2 POPULATION PATTERNS AND TRENDS

WHY IS POPULATION GROWTH IMPORTANT

Population growth indicates higher demand for the goods and services that local people require for their daily living. This is especially important for the retail and commercial services sectors of the economy. The industrial sector also experiences higher demand as the local population grows and requires increased warehousing, transportation services, and service and repair facilities.

The 2005 report showed population patterns and trends from April 1, 1990 to April 1, 2003, based on US Census reports and estimates from the Washington Office of Financial Management (OFM). This current report shows those patterns and trends extended through July 1, 2005 and April 1, 2010, from the same sources.

Primary Market Area – Omak, Okanogan, and Okanogan County

TABLE 5-1
POPULATION TRENDS IN THE PRIMARY MARKET AREA

	1990	2000	2005	2010	Annual % Δ 1990- 2005	Annual % Δ 2005- 2010
Omak	4,117	4,600	4,756	4,845	0.97%	0.37%
Okanogan	2,370	2,498	2,403	2,552	0.09%	1.21%
Okanogan County	33,350	39,564	39,779	41,120	1.18%	0.67%

Table 5-1 shows population trends for the primary market area of Okanogan County along with its two largest cities of Omak and Okanogan.

Annualized rate of change figures are shown in Table 5-1 to reflect year-over-year comparisons instead of gross comparisons over different time periods. These figures show that Okanogan County experienced population growth of almost 1.2% annually from 1990 to 2005 but the rate of growth from 2005 to 2010 was reduced by almost one-half. The City of Omak also showed a substantial reduction in its growth rate from 2005 to 2010, while the City of Okanogan showed a sizable increase from a smaller base.

The two cities of Omak and Okanogan represented 19.5% of the total county population in 1990. Their share declined to 18.0% in 2005 and remained at approximately the same in 2010.

Despite relatively slow growth, it is important to note that population growth trends have continued to be positive even through the recent recessionary period. However, data from the OFM indicate that Okanogan County experienced net out-migration of nearly 400 people from 2000 to 2009, which was more than offset by the natural increase of births minus deaths.

Secondary Market Area – Chelan, Douglas and Ferry Counties

The populations of the neighboring counties need to be added to that of Okanogan County to indicate the full regional market. These figures are shown in Table 5-2 from the same sources as cited above.

TABLE 5-2
POPULATION TRENDS IN THE SECONDARY MARKET AREA

	1990	2000	2005	2010	Annual % Δ 1990-2005	Annual % Δ 2005-2010
Chelan County	25,250	66,616	69,950	71,404	1.96%	0.41%
Douglas County	26,205	32,603	34,904	38,431	1.93%	1.94%
Ferry County	6,295	7,260	7,527	7,551	1.20%	0.06%
Subtotal	84,750	106,479	112,381	117,386	1.90%	0.88%
Okanogan County	33,350	39,564	39,779	41,120	1.18%	0.67%
Regional Total	118,100	146,043	152,160	158,506	1.70%	0.82%

Ferry County is included in the secondary market area primarily because much of the population of the Colville Indian Reservation lives within Ferry County. Even with Omak located at the western edge of the reservation, businesses locating on reservation land in Omak will draw labor force and market share from all the reservation and not just the part that lies within Okanogan County.

The figures in Table 5-2 show that the annual rates of change in population from 2005 to 2010 fell dramatically from the levels shown from 1990 to 2005 except in Douglas County, which showed a slight increase. Chelan County led the regional growth rates from 1990 to 2005 but dropped to a low annual average rate of 0.41% from 2005 to 2010. Okanogan County had the second highest rate of growth from 2005 to 2010, although still lower than the regional total.

Again, the fact that the population growth rates were positive in all four counties during the period from 2005 to 2010 indicates that the recession did not cause significant out-migration to offset the natural increase.

Extended Market Area – Washington State and South-Central British Columbia

It was noted in the prior report that all of Washington State is an obvious market for companies located in the Omak area, although the competitiveness of the area is not as strong as in communities located in the major population centers and/or on the primary Interstate Highway System. The data shown below indicate the size of the Washington market in terms of population and growth.

**TABLE 5-3
POPULATION TRENDS IN WASHINGTON STATE**

	1990	2000	2005	2010	Annual % Δ 1990-2005	Annual % Δ 2005-2010
Washington State	4,866,692	5,834,121	6,291,899	6,724,540	1.73%	1.34%

Washington State's population growth rate also slowed during the period from 2005 to 2010 compared to what it was during the period from 1990 to 2005 but the drop was not as dramatic as it was in Okanogan County and its neighboring secondary market area. The decline in the state was approximately 22.5% while the decline in Okanogan County was 51.8%. This indicates a softer market for supplying goods and services to the local market in Okanogan County compared to the state as a whole.

The other part of the extended market area is South-Central British Columbia. With Omak located only about 50 miles south of the Canadian border, there may be opportunities for companies located in Omak to supply population centers in Kelowna, Kamloops, and other cities north of the border.

A direct comparison with the market region in South-Central British Columbia is not possible because different years and different reporting

processes are used in Census reports. For statistical reporting purposes, British Columbia is divided into several Development Regions, with Region 3, the Thompson/Okanagan Development Region, representing the most accessible market in the Province because of the extension of Highway 97 into that region.

(Note that the spelling of Okanogan changes slightly between the U.S. and Canadian versions.)

Thompson/Okanagan Development Region 3



TABLE 5-4
POPULATION TRENDS IN BC DEVELOPMENT REGION 3

	1990	2000	2005	2010	Annual % Δ 1990-2005	Annual % Δ 2005-2010
BC Development Region	383,403	478,653	493,736	536,643	1.70%	1.68%

The Thompson/Okanagan Development Region of British Columbia has a total population that is 3.4 times as large as the primary and secondary market areas on the U.S. side of the border. Its population growth rate was approximately the same from 1990 to 2005 as the rate for all of Washington State, but it has performed much better during the past five years of the U.S. recession. This is a market that should be explored for economic opportunities for businesses locating in Omak.

The highway transportation system at Omak may provide opportunities for companies that ship products to areas beyond the borders of Washington State and interior British Columbia, creating an even larger potential market.

Population Growth Forecasts

Population growth forecasts are not included in this report. Forecasts are made in five-year cycles by the OFM in compliance with the Growth Management Act (GMA) for participating counties. Okanogan County does not participate, although Chelan, Douglas and Ferry counties do. The latest forecast for those counties was made in 2007, prior to the severe downturn in the economy caused by the national recession. The next forecast will be issued in 2012 and it is expected that the growth estimates will be significantly lower from those made in 2007.

5.3 DEMOGRAPHIC CHARACTERIZATIONS OF OKANOGAN COUNTY

WHY ARE DEMOGRAPHIC CHARACTERISTICS IMPORTANT?

Demographic characteristics such as age and gender indicate whether the county has unique factors that could affect the size and character of its labor force, types of retail demand, educational requirements, medical needs, and other differences.

GENDER

During the three-year period of 2007 to 2009 measured by the American Community Survey for Okanogan County, there was an average of 20,386 males (50.9%) and 19,699 females (49.1%) living in the county. This was a slight shift from the composition reported in the 2000 Census when females held a majority over males. The percentages in Okanogan County were the same as for Washington State in the 2007 – 2009 survey.

AGE CHARACTERISTICS

TABLE 5-5
AGE COMPOSITION OF OKANOGAN COUNTY & WASHINGTON STATE, 2007-2009

	Total	0-19	%	20-44	%	45-64	%	65+	%
Okanogan County	40,085	11,224	28%	10,142	25.3%	12,226	30.5%	6,493	16.2%
Washington State	6,565,082	1,733,182	26.4%	2,297,779	35%	1,759,442	26.8%	774,679	11.8%

Source: US Census, American Community Survey 2007 – 2009

The age characteristics show significant differences between Okanogan County and the State of Washington. For the 3-year period measured, the median age in the State of Washington was 36.9 years while in Okanogan County it was 42.1 years.

The greatest difference was in the age group 20 – 44 years old, which is considered to be the prime labor force age. The data show a much older labor force in Okanogan County than in the state as a whole. Okanogan County also has a significantly larger percentage of residents over the age of 65. This trend continues what was reported in the 2005 study which used data from the 2000 Census.

The 2005 report suggested that the weakness in the younger half of the working-age population is caused by lack of jobs and/or lower wages in Okanogan County. It said that these workers can be expected to come back if new, family-wage jobs are developed. It also noted that the higher concentration of young people (0 – 19 age group) along with other Census data showing household and family sizes, indicates that Okanogan County is continuing to hold its share of families with children and is not converting into a retirement center. It concluded that “this is a positive trend for assuring an adequate labor supply in the future”.

5.4 ECONOMIC CHARACTERISTICS OF OKANOGAN COUNTY

INCOME LEVELS

Why are income levels important?

Income levels measure relative wages and other cash inflows into the economy, which in turn measures the relative ability of residents to generate effective demand for goods and services. Obviously, lower income levels mean lower demand and higher income levels mean higher demand.

Table 5-6 shows the comparative household income levels for Okanogan County and Washington State as reported for the prior 12 months in the 2009 American Community Survey.

TABLE 5-6
INCOME OF HOUSEHOLDS IN THE PAST 12 MONTHS (IN 2009 INFLATION ADJUSTED DOLLARS)

	OKANOGAN COUNTY		WASHINGTON STATE	
	Number	Percent	Number	Percent
Total	14,645	100.0%	2,537,656	100.0%
Less than \$10,000	1,860	12.7%	154,797	6.1%
\$10,000 - \$14,999	1,186	8.1%	111,657	4.4%
\$15,000 - \$24,999	2,182	14.9%	233,464	9.2%
\$25,000 - \$34,999	1,713	11.7%	248,690	9.8%
\$35,000 - \$49,999	2,446	16.7%	360,347	14.2%
\$50,000 - \$74,999	2,665	18.2%	499,918	19.7%
\$75,000 - \$99,000	1,201	8.2%	345,121	13.6%
\$100,000 - \$149,999	981	6.7%	360,347	14.2%
\$150,000 - \$199,999	161	1.1%	119,270	4.7%
\$200,000 or more	249	1.7%	104,044	4.1%
Median Income (\$)	\$39,965	-----	\$57,125	-----
Mean Income (\$)	\$48,492	-----	\$74,355	-----

Source: US Census, American Community Survey 2007 – 2009. Median Income = 50% above and 50% below that figure. Mean Income = average of all incomes. Total numbers may not equal 100% due to rounding.

These figures show significant disparities in income levels between Okanogan County and the State of Washington as a whole. For the 12-month period measured, *median* incomes in Okanogan County were only 70.0% of those for the state, while *mean* incomes were 64.9%. The numbers also show that 35.7% of households in Okanogan County had incomes less than \$25,000 for the 12-month period, compared to only 19.7% statewide.

Part of the reason for the disparity, as stated in the 2005 report, was the fact that fewer residents of Okanogan County receive their incomes from wages and other work-related earnings, instead receiving more of their income from public assistance and/or pensions. The 2000 Census reported that only 75.8% of Okanogan County residents received income from earnings compared to 81.9% statewide.

The percentage of income from earnings fell even farther in 2009 compared to the State of Washington as a whole.

TABLE 5-7
SOURCES OF INCOME, OKANOGAN COUNTY & WASHINGTON STATE
(2009 INFLATION-ADJUSTED DOLLARS)

	Okanogan County		Washington State	
With earnings	10,045	68.6%	2,058,277	81.1%
Mean earnings (dollars)	\$51,498	(X)	\$74,114	(X)
With Social Security	5,393	36.8%	632,639	24.9%
Mean Social Security income (dollars)	\$14,599	(X)	\$15,643	(X)
With retirement income	3,424	23.4%	455,966	18.0%
Mean retirement income (dollars)	\$18,683	(X)	\$21,709	(X)
With Supplemental Security Income	557	3.8%	84,073	3.3%
Mean Supplemental Security Income (dollars)	\$8,777	(X)	\$8,285	(X)
With cash public assistance income	405	2.8%	89,621	3.5%
Mean cash public assistance income (dollars)	\$4,754	(X)	\$3,507	(X)
With Food Stamp/SNAP benefits in the past 12 months	2,365	16.1%	231,411	9.1%

Source: US Census, 2009 American Community Survey. Note: Percentages do not equal 100% because some families receive income from multiple sources.

Table 5-7 shows that households receiving income from earnings fell to 68.8% in Okanogan County in 2009 compared to 81.1% in the state as a whole. This is significant when the mean earnings are also compared: \$51,498 in Okanogan County compared to \$74,114 in the whole State of Washington. Other sources of income in Okanogan County tend to be concentrated in areas that provide significantly lower mean income, with the exception of those receiving cash public assistance income.

The implication of this is that residents of Okanogan County are less able to support local retail trade and services than are residents in the whole State of Washington. Even though the overall population continues to grow, the relatively lower purchasing power of that population limits opportunities for business expansion.

LABOR FORCE AND EMPLOYMENT

Labor force and employment patterns are among the most important indicators of an area's ability to recruit new companies. They tell what industries are located in the area, how many workers are available, and also what types of occupational skills are available in the local labor force.

The 2005 report showed changes in the Civilian Labor Force and Employment in Okanogan County from 1970 to 2000. That historical data was provided to show how the composition of the economy had changed during those 30 years.

The figures showed only workers earning wages and salaries covered by Unemployment Insurance, which excluded proprietors, self-employed persons, members of the Armed Services, workers in private households, and agriculture.

The main growth sectors over that 30-year period were Trade, Services, and Government. On January 1, 2001, all employment in Indian Tribal Councils and establishments owned by Indian Tribal Councils was reclassified into the Government sector. This reduced the reported employment figures in other sectors, especially manufacturing.

Data from the Washington Employment Security Department showed that the average civilian labor force in Okanogan County for all of 2010 was 22,150 workers, of whom 19,870 were employed and 2,280 were unemployed. The average unemployment rate for the year was 10.3%.

In May of 2011, the civilian labor force had fallen to 20,430 workers of whom 18,310 were employed and 2,120 were unemployed for a monthly unemployment rate of 10.4%. The trends from 2000 to 2010 are shown below in Table 5-8.

TABLE 5-8
TRENDS IN LABOR FORCE & EMPLOYMENT IN OKANOGAN COUNTY, 2000 - 2010

Year	Labor Force	Employment	Unemployment	Unemp. Rate
2010	22,150	19,870	2,280	10.3%
2009	22,110	19,990	2,120	9.6%
2008	21,320	19,950	1,370	6.4%
2007	20,430	19,160	1,270	6.2%
2006	20,490	19,140	1,340	6.6%
2005	20,580	19,130	1,460	7.1%
2004	20,260	18,660	1,600	7.9%
2003	19,930	18,040	1,880	9.5%
2002	18,840	16,950	1,900	10.1%
2001	18,930	17,050	1,880	9.9%
2000	20,530	18,840	1,680	8.2%

Over the 10-year period, the civilian labor force in Okanogan County increased by 7.9%, although it dipped substantially during the recession that hit the United States in 2001. Employment increased by 5.5% over those ten years while unemployment increased by 35.7%. Most of that increase in unemployment occurred during the recent period of 2009 and 2010 which is consistent with national and state trends.

Note: The figures shown above are for the work force by **place of residence**, not by **place of employment**. There is a sizable difference in Okanogan County. In May 2011, the Employment Security Department showed there were 18,310 employed residents of Okanogan County but there were only 12,060 total workers in non-farm jobs located in the county. This implies that approximately one-third of Okanogan County residents are employed in jobs outside of the county.

Washington State's Okanogan County Profile, published in February 2011, summarizes these past trends and provides a current view as of the end of 2010.

INDUSTRY DETAIL

Okanogan County's total non-farm employment has fluctuated at times, but has remained relatively flat since 1995. Total non-farm employment in 1995 was 12,540, and in 2010 it was approximately 12,000. Times of growth and contraction have occurred in-between this timeframe, but the overall labor market has been level.

Okanogan County had a very large proportion of total non-farm in government at 41 percent in 2010, which is down from 46 percent in 2001. Some contraction has occurred in this sector, but it still was more than double the share of Washington's employment as a whole.

- The goods-producing sector was losing employment in the early 2000s, but it started picking up in 2006.
 - The natural resources, mining and construction sector has remained flat the last 10 years. In 2000, there were 760 employed in this sector, and 780 employed in 2010.
 - Manufacturing dropped by 60 percent from 1999 to 2000. Since 2007, manufacturing has leveled off, employing an average of 360 in 2010.
- The service-providing sector is the largest sector in Okanogan County, and is currently below 2000 employment levels.
- The trade, transportation and utilities sector has remained steady the last five years, but is below 2000 employment levels. In the mid to late 1990s, this sector started gaining in employment, reaching an initial peak in 2000, and then hitting its highest peak in 2005. Okanogan County has a large agricultural sector, and trade and transportation is where agricultural employment bleeds over into non-farm employment.
 - Wholesale trade has been on a fairly continuous slide, slipping from 640 in 1990 to 220 in 2010.
 - Retail trade has been the shining sector in terms of growth the last few years. The growth has been modest over 20 years, but the last four years have really started to pick up with 11 percent growth from 2006 to 2010.
- Government employment peaked in 2005, and has been declining slightly each year into 2010. 2001 brought 21 percent growth in this sector, but leveled off quickly in 2002.

These trends appear to be continuing at least through May 2011. Table 5-9 shows the employment profile for jobs within Okanogan County in May 2011 and verifies that while total employment continues to decline, there have been significant gains in Manufacturing, Wholesale Trade, and Transportation, Warehousing and Utilities.

TABLE 5-9

EMPLOYMENT AND UNEMPLOYMENT IN OKANOGAN COUNTY MAY 2010 TO MAY 2011

Labor Market Information for Okanogan County Not Seasonally Adjusted/*Updated with ***QCEW Data: December 2010						
	Change					
	Prelim May-11	Revised Apr-11	Revised May-10	Apr-11 May-11	May-10 May-11	May-10 May-11 %
Employment by Place of Residence						
Civilian Labor Force	20,430	20,070	20,690	360	-260	-1.3%
Resident Employment	18,310	17,930	18,500	380	-190	-1.0%
Unemployment	2,120	2,140	2,190	-20	-70	-3.2%
Unemployment Rate	10.4	10.7	10.6	-0.3	-0.2	
Employment by Place of Work (**NAICS Industry Titles)						
Total Nonfarm ¹	12,060	11,770	12,110	290	-50	-0.4%
Total Private	7,100	6,880	7,010	220	90	1.3%
Goods Producing	1,190	1,160	1,130	30	60	5.3%
Natural Resources, Mining, and Construction	780	760	770	20	10	1.3%
Manufacturing	410	400	360	10	50	13.9%
Service Providing	10,870	10,610	10,980	260	-110	-1.0%
Trade, Transportation, and Utilities	2,290	2,240	2,190	50	100	4.6%
Wholesale Trade	190	190	170	0	20	11.8%
Retail Trade	1,940	1,890	1,870	50	70	3.7%
Transportation, Warehousing, and Utilities	160	160	150	0	10	6.7%
Information and Financial Activities	490	490	480	0	10	2.1%
Government	4,960	4,890	5,100	70	-140	-2.7%
Workers in Labor/Management Disputes	0	0	0	0	0	
¹ Excludes proprietors, self-employed, members of the armed services, workers in private households, and agriculture. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month. Columns may not add due to rounding.						
*Prepared by the Labor Market and Economic Analysis branch using a Quarterly Benchmark process. This process uses the most recent quarter from the Unemployment Insurance Tax Reports and estimates employment from that point to present.						
**North American Industry Classification System						
***QCEW = Quarterly Census of Employment and Wages						

As noted earlier, all Tribal employment is shown in the Government sector. This significantly skews the data for manufacturing because the numbers do not include employment at the Colville Indian Plywood & Veneer mill. The mill closed briefly after a fire in 2006, reopening in early 2007. Employment was reduced again in February 2009 with the loss of about 200 jobs. Those jobs would have been counted in the Manufacturing sector if it had been a non-Tribal facility.

It is worthwhile to look at another source of statistical data on employment in Okanogan County that was not available at the time the 2005 report was written. The US Census Bureau is now producing an online product called “On the Map” which provides economic data for user-selected geographic areas. Their latest employment figures are complete only through 2009, which was a recessionary year, but their comparison with data from 2002 still provides a useful seven-year profile.

TABLE 5-10
EMPLOYMENT DISTRIBUTION FROM "ON THE MAP", 2002 AND 2009

Okanogan County, Washington					
Total All Jobs	2009		2002		Change
	Count	Share	Count	Share	
Total All Jobs	14,944	100.0%	11,685	100.0%	+27.9%
Jobs by Worker Age	2009		2002		Change
	Count	Share	Count	Share	
Age 29 or younger	3,146	21.1%	2,632	22.5%	19.5%
Age 30 to 54	8,236	55.1%	7,061	60.4%	16.6%
Age 55 or older	3,562	23.8%	1,992	17.0%	78.8%
Jobs by Earnings	2009		2002		
	Count	Share	Count	Share	Change
\$1,250 per month or less	5,243	35.1%	5,431	46.5%	-3.5%
\$1,251 to \$3,333 per month	6,495	43.5%	4,703	40.2%	38.1%
More than \$3,333 per month	3,206	21.5%	1,551	13.3%	106.7%
Jobs by NAICS Industry Sector	2009		2002		
	Count	Share	Count	Share	Change
Agriculture, Forestry, Fishing and Hunting	1,805	12.1%	2,133	18.3%	-15.4%
Mining, Quarrying, and Oil and Gas Extraction	44	0.3%	38	0.3%	15.8%
Utilities	294	2.0%	192	1.6%	53.1%
Construction	704	4.7%	421	3.6%	67.2%
Manufacturing	1,120	7.5%	420	3.6%	166.7%
Wholesale Trade	539	3.6%	326	2.8%	65.3%
Retail Trade	1,630	10.9%	1,348	11.5%	20.9%
Transportation and Warehousing	356	2.4%	162	1.4%	119.8%
Information	169	1.1%	185	1.6%	-8.6
Finance and Insurance	279	1.9%	149	1.3%	87.2%
Real Estate and Rental and Leasing	197	1.3%	90	0.8%	118.9%
Professional, Scientific, and Technical Services	316	2.1%	186	1.6%	69.9%
Management of Companies and Enterprises	73	0.5%	33	0.3%	121.2%
Administration & Support, Waste Mgt. and Remediation	336	2.2%	189	1.6%	77.8%
Educational Services	2,062	13.8%	1,551	13.3%	32.9%
Health Care and Social Assistance	1,775	11.9%	1,652	14.1%	7.4%
Arts, Entertainment, and Recreation	303	2.0%	337	2.9%	-10.1%
Accommodation and Food Services	1,030	6.9%	949	8.1%	8.5%
Other Services (excluding Public Administration)	674	4.5%	560	4.8%	20.4%
Public Administration	1,238	8.3%	764	6.5%	62.0%
Jobs by Worker Educational Attainment	2009		2002		
	Count	Share	Count	Share	Change
Less than high school	1,944	13.0%	-	-	n/a
High school or equivalent, no college	3,510	23.5%	-	-	n/a
Some college or Associate degree	3,922	26.2%	-	-	n/a
Bachelor's degree or advanced degree	2,422	16.2%	-	-	n/a
Ed. attainment not available (workers < 30 years old)	3,146	21.1%	-	-	n/a

This “On the Map” report shows a total increase in jobs in Okanogan County of 27.9% from 2002 to 2009. The numbers shown represent all jobs in the county, including farm jobs, which make them higher than those produced by the State of Washington which only counts non-farm jobs. It needs to be noted that 2002 was also a recessionary year due to the collapse of the “dot-com” bubble and the impacts of the attacks on the World Trade Center in September 2001.

That report also shows large percentage increases in employment in Manufacturing and Transportation & Warehousing. Wholesale Trade and various Service sectors also showed relative high percentages of employment growth. It is not known why the report showed a gain of 700 manufacturing jobs over the seven-year period as no other report shows that level of employment in 2009.

The US Census Bureau is considered to be a very reliable source for statistical data on employment but no conclusions are drawn from this report because of concerns about its accuracy.

OCCUPATIONAL DISTRIBUTION

The 2005 report showed that workers over the age of 16 in Okanogan County in 2000 were employed in occupations ranked as follows, according to the US Census:

Management, professional & related	29.8%
Sales & office occupations	22.1%
Service occupations	18.3%
Production, transportation, material moving	12.0%
Farming, fishing and forestry occupations	9.5%
Construction, extraction, maintenance	8.2%

Breakdowns for Okanogan County in 2010 were not yet available when this update was written. The State of Washington publishes occupational data for a five-county region only, identified as the North-Central Region. Occupational characteristics in that region were analyzed in the 2005 Master Plan report. In reviewing the current and projected occupational comparisons for this region, it was determined that there have not been sufficient changes to warrant changing the conclusions of the prior report. In summary, those were:

Based on the data, it is difficult to predict whether Okanogan County can provide a diversified labor force with a range of occupational skills to meet the needs of a wide variety of businesses and industries. It has been noted that there are workers who left the county during the past several years who would probably return if good, steady jobs could be made available. The area also offers the ability to draw workers from other areas because of its lifestyle amenities and lower costs of living. There are also labor force training programs available for retraining workers into more modern occupations. It appears that the Omak area can be competitive in providing a labor force, but a realistic assessment of occupational skills would shift focus away from industries with highly specialized labor force requirements.

5.5 ASSESSMENT OF POTENTIAL MARKETS

Because the 2005 report did not anticipate the severe and prolonged recession, this part of the update analysis replaces the older projections with the newest ones available as of July 2011. As before, this part of the report begins with an analysis of trends and growth projections at the national level, then examines growth projections for Washington State, and finally looks at growth projections in Okanogan County. Industries that are projected to grow at all levels – national, state and local – have the highest potential for expansion or relocation in Okanogan County.

NATIONAL GROWTH PROJECTIONS

Performance of the US economy is measured in several different ways by several federal agencies. For reference, the following table was produced by the Bureau of Economic Analysis and released in April 2011. It shows the performance of the US economy from 2002 to 2009 as measured by Gross Domestic Output by sector.

TABLE 5-11
US GDP CHANGES BY INDUSTRY SECTOR, 2004-2009

GROSS-DOMESTIC-PRODUCT-BY-INDUSTRY ACCOUNTS							
GROSS OUTPUT BY INDUSTRY [BILLIONS OF DOLLARS]							
	2004	2005	2006	2007	2008	2009	2004-09
All industries	21265.8	23073.6	24481.2	25796.3	26566.1	24804.2	16.6
Private industries	18831.0	20488.8	21745.3	22900.9	23467.5	21645.1	14.9
Agriculture, forestry, fishing, and hunting	305.8	298.0	299.2	346.9	381.8	340.7	11.4
Mining	286.8	372.0	423.4	470.0	571.9	349.2	21.8
Utilities	334.3	391.3	386.8	407.4	457.9	392.5	17.4
Construction	1113.9	1246.1	1326.4	1316.8	1257.4	1091.0	-2.1
Manufacturing	4242.0	4657.8	4921.6	5239.8	5340.1	4522.4	6.6
Durable goods	2236.2	2397.5	2527.5	2670.5	2584.5	2181.3	-2.5
Wood products	105.2	113.2	113.3	102.6	88.2	79.2	-24.7
Nonmetallic mineral products	101.3	112.3	124.0	125.4	112.6	92.5	-8.7
Primary metals	180.7	201.1	231.2	254.2	275.9	179.8	-0.5
Fabricated metal products	257.6	285.0	311.9	337.0	350.6	303.9	18.0
Machinery	260.6	291.5	314.6	335.7	343.1	261.9	0.5
Computer and electronic products	371.6	378.5	392.1	403.3	400.5	353.3	-4.9
Electrical equipment, appliances, & components	101.6	108.3	116.6	126.1	127.4	103.6	2.0
Motor vehicles, bodies and trailers, & parts	486.1	491.1	490.0	501.4	402.8	348.8	-28.2
Other transportation equipment	164.6	191.2	200.3	254.9	252.6	249.7	51.7
Furniture and related products	76.7	82.4	83.5	80.6	75.4	61.0	-20.5
Miscellaneous manufacturing	130.1	142.9	150.2	149.4	155.3	147.7	13.5
Nondurable goods	2005.8	2260.3	2394.1	2569.3	2755.5	2341.0	16.7
Food, beverage & tobacco products	626.5	659.7	664.3	717.2	773.9	766.7	22.4
Textile mills and textile product mills	73.1	76.3	71.1	63.2	56.8	45.8	-37.3
Apparel and leather and allied products	38.3	37.1	35.0	26.9	22.3	18.1	-52.7
Paper products	152.4	159.3	166.7	173.3	175.6	158.6	4.1
Printing and related support activities	97.6	101.0	103.7	107.7	102.9	89.6	-8.2
Petroleum and coal products	320.6	456.1	528.4	597.3	727.5	476.4	48.6
Chemical products	516.4	574.4	617.2	678.6	698.4	616.0	19.3
Plastics and rubber products	180.9	196.5	207.6	205.0	198.1	169.9	-6.2
Wholesale trade	992.8	1066.1	1138.7	1178.8	1223.7	1018.9	2.6
Retail trade	1166.4	1219.8	1286.7	1301.3	1266.4	1193.4	2.3
Transportation and warehousing	656.4	708.1	762.9	800.2	844.8	712.5	8.5
Information	1026.5	1077.5	1127.7	1179.9	1218.6	1191.9	16.1
Finance, insurance, real estate, rental, & leasing	3947.0	4343.8	4631.9	4855.4	4842.6	4884.3	23.7
Professional and business services	2006.4	2185.7	2343.3	2541.4	2648.7	2515.0	25.3
Educational services, health care, & social assistance	1463.8	1562.6	1650.7	1752.7	1863.1	1945.4	32.9
Arts, entertain., recreation, accommodations & food services	791.0	838.2	895.2	941.2	965.5	928.4	17.4
Accommodation and food services	614.5	655.4	697.1	728.2	745.3	718.9	17.0
Other services, except government	498.0	521.6	551.0	569.3	585.0	559.5	12.3
Government	2434.8	2584.8	2735.9	2895.4	3098.6	3159.0	29.7

Source: Bureau of Economic Analysis, April 26, 2011

These recent trends show that the highest growth rates of Gross Domestic Product were primarily in the service sectors, especially in Educational & Health Care Services and Professional & Business Services, along with Government.

Manufacturing showed slight growth overall, up 6.6%, with the largest gains in Non-Durable Goods such as Petroleum & Coal Products (up 48.6%); Food, Beverage & Tobacco Products (up 22.4%); and Chemical Products (up 19.3%). In the Durable Goods category, Other Transportation Equipment was up 51.7% and Fabricated Metal Products was up 18.0%. However, most Durable Goods sectors showed declines over the five-year period.

Looking forward, both the Bureau of Economic Analysis and the Bureau of Labor Statistics provide forecasts for employment by industry to the year 2018. The forecasts shown in the following tables are taken from the Bureau of Labor Statistics's Monthly Labor Review dated November 2009 and are the latest forecasts available at the time this update was written.

TABLE 5-12
US EMPLOYMENT BY MAJOR INDUSTRY SECTORS, 1998, 2008, AND 2018

Industry Sector	Thousands of Jobs			Change		Percent Distribution			Average Annual Rate of Change	
	1998	2008	2018	1998-2008	2008-2018	1998	2008	2018	1998-2008	2008-2018
Total	140563.9	150931.7	166205.6	10367.8	15273.0	100.0	100.0	100.0	0.7	1.0
Non-Ag Wage & Salary	126624.7	137814.8	152443.5	11190.1	14628.7	90.1	91.3	91.7	.9	1.0
Goods Producing (Except Ag.)	24273.0	21363.1	21390.4	-2910.5	27.3	17.3	14.2	12.9	-1.3	.0
Mining	594.7	717.0	613.2	152.3	-103.8	.4	.5	.4	2.4	-1.5
Construction	6149.4	7214.9	8552.0	1065.5	1337.1	4.4	4.8	5.1	1.6	1.7
Manufacturing	17559.5	13431.2	12225.2	-4128.3	-1206.0	12.5	8.9	7.4	-2.6	-.9
Services Providing	102351.1	116451.7	131053.1	14100.5	14501.4	72.8	77.2	78.8	1.3	1.2
Utilities	613.4	559.5	500.5	-53.9	-59.0	.4	.4	.3	-.9	-1.1
Wholesale Trade	5795.2	5963.9	6219.8	168.7	255.9	4.1	4.0	3.7	-.3	.4
Retail Trade	14609.7	15356.4	16010.4	746.7	654.0	10.4	10.2	9.6	.5	.4
Transportation & Warehousing	4168.1	4504.9	4950.4	336.8	445.5	3.0	3.0	3.0	.8	.9
Information	3218.4	2996.9	3115.0	-221.5	118.1	2.3	2.0	1.5	-.7	.4
Financial Activities	7462.4	8145.5	8702.7	683.1	557.2	5.3	5.4	5.2	.9	.7
Professional & Business Services	15,146.5	17778.0	21967.9	2631.5	4189.9	10.8	11.8	13.2	1.6	2.1
Educational Services	2233.0	3036.5	3842.0	803.5	805.5	1.6	2.0	2.3	3.1	2.4
Health Care & Social Services	12213.7	15818.7	19815.6	3605.0	3996.9	8.7	10.5	11.9	2.6	2.3
Leisure & Hospitality	11231.0	13458.7	14601.1	2227.1	1142.4	8.0	8.9	8.8	1.8	.8
Other Services	5749.8	6333.2	7141.9	583.4	808.7	4.1	4.2	4.3	1.0	1.2
Federal Government	2772.0	2764.3	2859.1	-7.7	94.8	2.0	1.8	1.7	.0	.3
State & Local Government	17137.3	19735.2	21326.7	2597.9	1591.5	12.2	13.1	12.8	1.4	.8
Agriculture, Forestry, Fishing, Hunting	2528.0	2098.3	2020.1	-429.7	-78.2	1.8	1.4	1.2	-1.8	-.4

Source: Bureau of Labor Statistics, Monthly Labor Review, November 2009

According to the BLS, the Manufacturing sector will continue to experience declining employment through the year 2018, reducing its share of total

employment from 12.5% in 1998 to only 7.4% in 2018. In a separate report, the BLS showed declines in virtually all components of the Manufacturing sector.

On the plus side, Services are expected to continue to increase as a share of total employment. Between 2008 and 2018 the largest growth sectors are projected to be: Educational Services; Health Care & Social Services; and Professional & Business Services.

WASHINGTON STATE GROWTH PROJECTIONS

Washington Employment Security published a short-term forecast in May 2011 that estimated employment by industry to the year 2019. Their numbers are shown below in Table 5-13.

TABLE 5-13

WASHINGTON NON-AGRICULTURAL EMPLOYMENT BY INDUSTRY (THOUSANDS) FORECAST 2009 TO 2019

INDUSTRY	Est. Emp. 2009	Est. Emp. 2014	Est. Emp. 2019	Avg. Annual Growth Rate 2009-2014	Avg. Annual Growth Rate 2014-2019
TOTAL NONFARM	2,818,600	3,022,300	3,246,900	1.4%	1.4%
NATURAL RESOURCES and MINING	6,100	7,300	7,000	3.7%	-0.8%
Logging	3,700	4,800	4,300	5.3%	-2.2%
Mining	2,400	2,500	2,700	0.8%	1.6%
CONSTRUCTION	158,700	160,300	177,200	0.2%	2.0%
MANUFACTURING	265,400	286,800	295,500	1.6%	0.6%
Durable Goods	190,300	208,800	214,600	1.9%	0.5%
Wood Product Manufacturing	13,300	16,600	15,400	4.5%	-1.5%
Nonmetallic Mineral Product Manufacturing	9,000	9,700	10,400	1.5%	1.4%
Primary Metal Manufacturing	4,700	5,000	4,500	1.2%	-2.1%
Fabricated Metal Product Manufacturing	17,100	20,000	23,000	3.2%	2.8%
Machinery Manufacturing	12,300	15,000	16,400	4.0%	1.8%
Computer and Electronic Product Manufacturing	20,000	23,200	26,400	3.0%	2.6%
Electrical Equipment and Appliance Mfg	4,000	4,900	5,300	4.1%	1.6%
Aerospace Product and Parts Manufacturing	83,000	87,000	84,800	0.9%	-0.5%
Other Transportation Equipment	9,600	9,800	9,400	0.4%	-0.8%
Other Durable Manufacturing	17,300	17,600	19,000	0.3%	1.5%
Non Durable Goods	75,100	78,000	80,900	0.8%	0.7%
Food Manufacturing	38,300	39,900	42,500	0.8%	1.3%
Paper Manufacturing	9,700	10,200	10,500	1.0%	0.6%
Printing and Related Support Activities	6,500	5,600	5,300	-2.9%	-1.1%
Other Non Durable	20,600	22,300	22,600	1.6%	0.3%
WHOLESALE TRADE	122,600	132,300	140,200	1.5%	1.2%
RETAIL TRADE	309,200	329,900	343,100	1.3%	0.8%
Food and Beverage Stores	60,800	64,000	66,500	1.0%	0.8%
Motor Vehicle and Parts Dealers	36,300	39,700	38,800	1.8%	-0.5%
Other Retail Trade	212,100	226,200	237,800	1.3%	1.0%

INDUSTRY	Est. Emp. 2009	Est. Emp. 2014	Est. Emp. 2019	Avg. Annual Growth Rate 2009-2014	Avg. Annual Growth Rate 2014-2019
TRANSPORTATION, WAREHOUSING AND UTILITIES	90,500	99,000	105,800	1.8%	1.3%
Utilities	5,100	5,000	5,200	-0.4%	0.8%
Transportation and Warehousing	85,400	94,000	100,600	1.9%	1.4%
INFORMATION	103,500	115,500	129,400	2.2%	2.3%
Software Publishers	51,400	58,600	69,000	2.7%	3.3%
Other Publishing Industries	8,700	8,300	8,400	-0.9%	0.2%
Other Information	43,400	48,600	52,000	2.3%	1.4%
FINANCIAL ACTIVITIES	141,600	145,100	146,200	0.5%	0.2%
Finance and Insurance	94,100	95,500	94,100	0.3%	-0.3%
Real Estate, Rental and Leasing	47,500	49,600	52,100	0.9%	1.0%
PROFESSIONAL and BUSINESS SERVICES	323,600	375,400	431,700	3.0%	2.8%
Professional, Scientific and Technical Services	160,700	184,600	213,600	2.8%	3.0%
Management of Companies and Enterprises	32,200	33,100	34,800	0.6%	1.0%
Other Professional Services	95,400	108,600	120,800	2.6%	2.2%
Employment Services	35,300	49,100	62,500	6.8%	4.9%
EDUCATION and HEALTH SERVICES	371,500	406,600	452,700	1.8%	2.2%
Education Services	47,700	52,600	56,800	2.0%	1.5%
Health Services and Social Assistance	323,800	354,000	395,900	1.8%	2.3%
LEISURE and HOSPITALITY	269,200	288,300	307,100	1.4%	1.3%
Arts, Entertainment and Recreation	45,700	48,900	51,800	1.4%	1.2%
Accommodation and Food Services	223,500	239,400	255,300	1.4%	1.3%
OTHER SERVICES	106,400	109,100	110,700	0.5%	0.3%
GOVERNMENT	550,300	566,700	600,300	0.6%	1.2%
Federal Government	72,800	72,100	72,700	-0.2%	0.2%
State and Local Government Other	240,200	245,900	263,300	0.5%	1.4%
Government Educational Services	237,300	248,700	264,300	0.9%	1.2%

WA Dept. of Employment Security, Labor Market & Economic Analysis, May 2011

Table 5-13 shows total non-farm payroll employment growing 1.4% annually over each of the five-year periods of 2009 – 2014 and 2014 – 2019. The manufacturing sector is expected to grow even faster during the first period, 1.6% annually, but fall off to 0.6% annually during the second period.

Above average growth is forecast for several durable goods sectors of manufacturing, including: Nonmetallic Mineral Product Manufacturing; Fabricated Metal Product Manufacturing; Machinery & Electrical Equipment Manufacturing; and Computer & Electronic Product Manufacturing. The primary reason for the predicted strong growth in these sectors is Washington's ability to take advantage of growth trends in Asia, especially China and India. Both of those countries are expected to expand their economies by 9% or higher

each of the next several years, creating strong demand for capital goods and business equipment.

The Professional and Business Services sector shows similar growth characteristics to the national forecasts with projected rates of 3.0% annually from 2009 to 2014 and 2.8% annually over the next five years. The Information sector, mainly Software Publishing, also shows high growth forecasts. Health Services also matches the national forecasts for high growth.

OKANOGAN COUNTY GROWTH PROJECTIONS

As noted earlier, most of the industry workforce data for Okanogan County is combined into a North Central Region profile that includes Adams, Chelan, Douglas and Grant Counties. The Labor Market & Economic Analysis (LMEA) branch of Washington State Employment Security provides the following estimate of employment in this region through 2019.

TABLE 5-14
NORTH CENTRAL REGION EMPLOYMENT FORECASTS BY INDUSTRY SECTOR, 2009 - 2019

INDUSTRY	Est. Emp. 2009	Est. Emp. 2014	Est. Emp. 2019	Avg. Annual Growth Rate 2009- 2014	Avg. Annual Growth Rate 2014- 2019
TOTAL NONFARM	81,800	87,300	93,600	1.3%	1.4%
NATURAL RESOURCES and MINING	300	400	400	5.9%	0.0%
Logging	100	100	100	0.0%	0.0%
Mining	200	300	300	8.4%	0.0%
CONSTRUCTION	4,400	4,300	4,800	-0.5%	2.2%
MANUFACTURING	7,400	8,200	8,900	2.1%	1.7%
Durable Goods	3,100	3,500	4,000	2.5%	2.7%
Wood Product Manufacturing	200	300	300	8.4%	0.0%
Nonmetallic Mineral Product Manufacturing	800	1,000	1,200	4.6%	3.7%
Primary Metal Manufacturing	600	700	600	3.1%	-3.0%
Fabricated Metal Product Manufacturing	300	200	300	-7.8%	8.4%
Machinery Manufacturing	600	600	700	0.0%	3.1%
Computer and Electronic Product Manufacturing	300	300	400	0.0%	5.9%
Other Transportation Equipment	200	300	300	8.4%	0.0%
Other Durable Manufacturing	100	100	200	0.0%	14.9%
Non Durable Goods	4,300	4,700	4,900	1.8%	0.8%
Food Manufacturing	3,500	3,800	4,000	1.7%	1.0%
Paper Manufacturing	200	200	200	0.0%	0.0%
Printing and Related Support Activities	100	100	100	0.0%	0.0%
Other Non Durable	500	600	600	3.7%	0.0%
WHOLESALE TRADE	4,000	4,100	4,100	0.5%	0.0%

INDUSTRY	Est. Emp. 2009	Est. Emp. 2014	Est. Emp. 2019	Avg. Annual Growth Rate 2009- 2014	Avg. Annual Growth Rate 2014- 2019
RETAIL TRADE	11,300	12,300	12,800	1.7%	0.8%
Food and Beverage Stores	2,500	2,600	2,600	0.8%	0.0%
Motor Vehicle and Parts Dealers	1,400	1,600	1,600	2.7%	0.0%
Other Retail Trade	7,400	8,100	8,600	1.8%	1.2%
TRANSPORTATION, WAREHOUSING AND UTILITIES	2,700	3,100	3,500	2.8%	2.5%
Utilities	100	100	100	0.0%	0.0%
Transportation and Warehousing	2,600	3,000	3,400	2.9%	2.5%
INFORMATION	900	1,000	900	2.1%	-2.1%
Other Publishing Industries	300	300	300	0.0%	0.0%
Other Information	600	700	600	3.1%	-3.0%
FINANCIAL ACTIVITIES	2,700	2,800	2,900	0.7%	0.7%
Finance and Insurance	1,700	1,700	1,700	0.0%	0.0%
Real Estate, Rental and Leasing	1,000	1,100	1,200	1.9%	1.8%
PROFESSIONAL and BUSINESS SERVICES	3,700	4,000	4,700	1.6%	3.3%
Professional, Scientific and Technical Services	1,800	1,900	2,100	1.1%	2.0%
Management of Companies and Enterprises	100	100	100	0.0%	0.0%
Other Professional Services	1,200	1,300	1,500	1.6%	2.9%
Employment Services	600	700	1,000	3.1%	7.4%
EDUCATION and HEALTH SERVICES	9,600	10,600	11,800	2.0%	2.2%
Education Services	500	400	400	-4.4%	0.0%
Health Services and Social Assistance	9,100	10,200	11,400	2.3%	2.2%
LEISURE and HOSPITALITY	9,200	9,900	10,500	1.5%	1.2%
Arts, Entertainment and Recreation	1,300	1,400	1,500	1.5%	1.4%
Accommodation and Food Services	7,900	8,500	9,000	1.5%	1.1%
OTHER SERVICES	2,300	2,400	2,400	0.9%	0.0%
GOVERNMENT	23,300	24,200	25,900	0.8%	1.4%
Federal Government	2,100	2,100	2,100	0.0%	0.0%
State and Local Government Other	11,800	12,200	13,200	0.7%	1.6%
Government Educational Services	9,400	9,900	10,600	1.0%	1.4%

As for the State, the forecasts for the North Central Region call for manufacturing employment to grow at a faster rate than overall employment over both five-year time periods. Again, durable goods are expected to lead the growth in manufacturing but mainly in the second period. An anomaly is the Wood Products category that shows annual growth rates of 8.4% from 2009 to 2014 but 0.0% growth annually from 2014 to 2019. No explanations are given for either the high short-term growth rate or the flat long-term rate.

How much of this activity will take place in Okanogan County is not indicated by the data but it can be assumed that a large portion will accrue to the Wenatchee area of Chelan and Douglas counties because of its larger employment and industrial base. As an economic development strategy, the Omak area should obtain more benefit from capturing market share in the North Central Region than trying to recruit from markets outside the area.

In summary, the recession of 2007 – 2009 has not eliminated opportunities for economic expansion and employment growth despite the continuing slowdown. The primary change from the 2005 study is that more emphasis needs to be placed on diversifying the targets of opportunity and preparing resources to accommodate their development at Omak. These include adding focus on compatible commercial operations such as the Professional & Business Services sector. Opportunities to develop “home grown” businesses should also be added to the mix. Finally, the Colville Tribes will have greater success by expanding their own industries rather than recruiting companies from outside the area.

6 COMPETITIVE POSITION ANALYSIS

This section examines all those factors that make Omak competitive for recruiting or developing new businesses. Because the evaluation is done in a regional context, most of the findings of the 2005 report have not changed over the past six years. All of the geographic location factors are the same and the recession that has affected Okanogan County had similar effects on the entire north central Washington area and its major cities. This section, then, updates the data found in the 2005 report but only significant changes are separately noted.

6.1 PURPOSE

In looking at opportunities to further develop the business/industrial park, it is important to know how well that facility will be able to compete for market share. Because business recruiting is competitive, an understanding of the comparative strengths and weaknesses of the facility and its location can provide focused marketing toward those industries that offer the highest probability of success. This is commonly done through what is called a SWOT analysis, with the letters representing Strengths, Weaknesses, Opportunities, and Threats.

This report takes a slightly different approach. It evaluates the industrial park in terms of its competitive advantages and disadvantages, measured against a checklist of site selection factors. It complements the Demographic and Economic Profile – Market Analysis, provided in Section 5 of this report. This analysis interprets the information provided in that section to assess the ability of Omak to expand its existing economic base and attract new businesses.

The Strengths, or assets, are those positive attributes that can be leveraged to attract new employment-generating capital investment in the community, either in expanding local businesses or recruiting new ones. In a competitive comparison, it is rare for one community to have an absolute advantage over its neighbors in any factor; instead, the strengths are described in this report in terms of Omak's *relative* advantages.

This is also true for the discussion of Weaknesses, or liabilities. These will vary according to the types of businesses being recruited. For example, some businesses need to have access to commercial air services while others do not. The lack of commercial air service at Omak, then, is a relative disadvantage for some types of businesses rather than an absolute disadvantage.

Opportunities, or potentials, tend to be more subjective because they depend as much upon individual initiative as they do upon specific business factors. However, some opportunities may be identified through linkages to the larger economic region, through gaps in the existing economic base, or through regional growth patterns.

Threats, or obstacles, include the potential loss of critical elements in the local economy that support business growth or expansion. They are identified so that the community can take steps to prevent their occurrence or moderate their impacts. For example, the imminent closure of a major employer would constitute a serious threat to a community's economic future.

An essential element of a meaningful competitive position analysis is choosing the economic region to make the comparisons. It would not be relevant to compare Omak with a larger city such as Spokane, for example, because Spokane is a regional economic center and will have greater strengths in almost every category. Even comparing Omak with Wenatchee is unfair in some respects because Wenatchee is also a regional center

Yet limiting the comparisons to towns along the Highway 97 corridor in Okanogan County is not necessarily meaningful either. A substantial capital investment in a business and industrial park in Omak needs to draw tenants from a larger market than just Okanogan County. It at least needs to be considered whether Omak can compete successfully with other eastern Washington cities that are trying to attract the same types of businesses.

The evaluation in this report examines Omak's competitive position in the larger region of Central Washington consisting of Chelan, Douglas, and Ferry counties in addition to Okanogan County. This regional context provides Okanogan County with both competitive advantages (strengths) and competitive disadvantages (weaknesses). Where Okanogan County can link with other regional resources, it can leverage those resources to its own advantage. At the same time, communities closer to those resources will be more competitive.

The factors that are evaluated in this competitive position analysis have been compiled from several checklists of business site selection criteria. A summary sheet that follows is typical of the criteria used by a broad spectrum of companies ranging from heavy industries to high-tech research centers. It shows ten major community assessment factors, with their respective sub-categories of specific information. Not all of these are applicable to Omak and Okanogan County but the whole list is shown here to give an idea of what companies might look for when they consider locating in Omak.

TABLE 6-1
LIST OF BUSINESS LOCATION FACTORS

Factor	Rank	Factor	Rank	Factor	Rank
LABOR		CAPITAL		SITES	
Availability		Commercial Banks		Land	
General		Venture Capital		Quantity	
Skilled		Equity Capital		Selection	
Tech/Engineering		Incentives		Zoning	
Mgt/Professional				Services	
Wage Levels		EDUCATION/RESEARCH		Costs	
Recruiting		K-12/Special Ed.		Quality	
National		Vo-Tech/Training		Buildings	
College		University – Undergrad.		Selection	
Costs		Courses Available		Quality	
Quality		Degree Programs		Costs	
Attitudes		Business/Computer		New Construction	
Productivity		Engineering/Science		Local Capabilities	
Absenteeism		Quality		Time to Build	
Turnover		Facilities/Faculty		Construction Costs	
Trainability		Business Support		Tech/Research Park	
Unionization		University – Graduate		Fire Services	
		Courses Available		Security	
		Degree Programs			
MARKET ACCESS		Business/Computer		ENVIRONMENTAL	
Product Markets		Engineering/Science		Hazardous Waste	
Proximity		Quality		Water Pollution	
Air Services		Facilities/Faculty		Air Pollution	
Highway		Research Access			
Rail		Business Support		QUALITY OF LIFE	
Sales/Marketing		Graduate/Tech. Center		Cost of Living	
Proximity				Housing	
Air Services		BUSINESS CLIMATE		Availability	
Telecommunications		Government		Variety	
Support Services		Attitude		Affordability	
Management		Permits		Education	
Location		Regulations		Programs	
Comm./Control		Planning		Quality	
Time/Costs		Services		Recreation	
International		Taxes		Variety	
		Income Tax		Accessibility	
SUPPLIES/SERVICES		Property Tax		Sports	
Supplies		Sales Tax		Community	
Local Sources		Inventory Tax		Professional	
Distribution		Payroll Tax		Climate	
Services		Business Taxes		Culture	
General Business		Unitary Tax		Variety	
Tech. Support		Tax Equity		Accessibility	
Subcontractors		Tax Stability		Quality	
		Tax Sufficiency		Religion	
UTILITIES		Community Attitudes		Community Services	
Electric Power		Re: Growth		Retail	
Nat. Gas/Fuels		Re: Business		Library/Media/TV	
Telecommunications		Local Companies		Transportation	
Water				Medical	
Wastewater Disposal				Crime	
Solid Waste Disposal					

6.2 OMAK'S COMPETITIVE POSITION IN COMMUNITY ASSESMENT FACTORS

LABOR

An adequate supply of suitably skilled labor is probably the most important factor in business site selection. The discussion that follows evaluates the capability of the Omak area to meet this requirement.

AVAILABILITY

Table 1 shows annual average labor force and employment data for the year 2010 for the four-county region in north-central Washington.

TABLE 6-2
LABOR FORCE DATA FOR FOUR-COUNTY REGION, 2010 AVERAGES

County	Labor Force	Employment	Unemployment	% Unempl.
Okanogan	22,150	19,870	2,280	10.3%
Chelan	41,890	38,280	3,610	8.6%
Douglas	21,960	20,160	1,790	8.2%
Ferry	3,060	2,620	440	14.4%
Total	89,060	80,930	8,120	9.1%

Source: Washington State Employment Security Department, Local Area Profiles

Within the region, Okanogan County represented 24.9% of the total labor force and 24.6% of total employment in 2010. It represented 28.1% of the total unemployment.

Historical data from Employment Security for Okanogan County showed that there were 20,530 people in the labor force in 2000, meaning 1,620 new workers were added over the 10-year decade. That represented growth of 7.9%. This reversed a downward trend in the late 1990's that was largely caused by younger workers leaving the county because of lack of jobs.

In general, it is reasonable to expect that the labor force in Okanogan County is large enough to meet the needs of most companies that might move into the area. The 2,280 unemployed workers represent only a small portion of the available labor force. It can generally be assumed that at least 20% of the currently employed workers would change jobs because they are underemployed or working at low wage levels. That would add another 4,400+ workers to the labor pool.

A greater concern is that if the relatively high unemployment rates are sustained, younger workers and families may again leave the area to find employment opportunities elsewhere.

The main concern is not the size of the labor force but the diversity of occupational skills. It was noted in the prior report that much of the employment growth in the county has been in Government occupations rather than in diversified private sectors, although the Government employment encompasses all Tribal occupations including those in Manufacturing. There is also above-average employment in the agricultural and other natural resource sectors. These

two factors combine to concentrate occupations in fairly narrow categories. It may be difficult to document a supply of workers with technical or other specialized skills.

WAGE LEVELS

Overall wages in Okanogan County are relatively low compared to the whole state of Washington. The 2009 US Census' American Community Survey shows income from *earnings* (wages and salaries) for the 3-year period 2007 - 2009. It showed that the mean (average) earned income in Okanogan County households during that period was \$51,498 compared to \$74,114 statewide. In Chelan County, mean earned income was \$63,487; in Douglas County it was \$59,622, and in Ferry County it was \$43,204 (note: Data for Ferry County is for the five-year period of 2005 – 2009).

Mean household income from all sources during those three years in Okanogan County was \$48,492 compared to \$60,977 in Chelan County; \$60,995 in Douglas County; and \$44,321 over the five-year period in Ferry County. Statewide, mean household income from all sources was \$74,355.

There are many reasons for the lower earnings in Okanogan County and they do not necessarily represent lower wages for comparable jobs. They are also caused by higher concentrations of seasonal and part-time work, especially in agriculture.

From a business recruitment standpoint, Okanogan County can offer the advantage of comparatively lower labor costs. This is a positive factor in its favor; although it also has negative implications for the retail and service sectors that rely on local spending.

RECRUITING

If suitable workers cannot be drawn from the local labor force, then companies may need to recruit from regional or national labor markets or from colleges to obtain workers with specialized educations. There are no data available to indicate how successful companies in Okanogan County have been in recruiting workers from outside the area. Lower wages would be a handicap in recruiting efforts. However, lower housing costs and other factors might offset that handicap. In general, it is more difficult to recruit workers to small, rural communities than to attract them to larger cities because there are fewer alternative jobs available for them if the first job doesn't work out. It is expected that Omak would be at a disadvantage in this factor compared to larger cities, even in the north central region of Washington.

QUALITY

No data were found that measure the quality of the work force in Okanogan County or elsewhere in the region. It is expected that the factors that determine worker quality – attitudes, productivity, absenteeism, turnover, and trainability – are similar in Okanogan County to other counties in the region, meaning that this factor would be neither an advantage nor a disadvantage.

UNIONIZATION

No work stoppages were found for Okanogan County over the past year. It is expected that union activities would not be a factor in recruiting businesses to Omak.

Evaluation: The business/industrial park in Omak will have its greatest success by recruiting companies that can utilize the existing pool of workers in the area, along with their job skills. The availability and cost of workers appear to be adequate in Omak, unless a firm has to hire workers with specialized educations or skills that are not available locally. This would make it problematic to recruit companies in the aerospace industry, software, or other companies with highly technical occupations.

MARKET ACCESS

This factor is generally called “Transportation”, but its relevance is more important for the ability to access various markets. In addition to providing products and services to customer markets, there may also be a need to field marketing personnel and to provide easy access for management, especially in multi-plant operations.

PROXIMITY TO MARKETS

This factor largely depends on the type of firm being recruited, its products and/or services, and its market area. There is no doubt that Omak is in a relatively isolated region of north central Washington. It is nearly 100 miles from the nearest metropolitan area of Wenatchee and East Wenatchee (Chelan and Douglas counties), and about 141 miles from Spokane. While these are not extreme distances, supplying customers in outside markets will be more costly and time-consuming from Omak than from other communities more central to those markets. This disadvantage would be reduced for companies supplying markets outside the region where the shipping point is less of a factor.

AIR SERVICE

Omak does have access to one of the most important forms of business air services – overnight or 2nd day express package delivery. Most small businesses use this form of transport for shipping their products and obtaining their supplies.

The nearest commercial air services are available at East Wenatchee. Schedules are relatively sparse and costs are relatively high compared to those in larger metropolitan areas. It is about a 2 ½ hour drive to the international airport at Spokane, with a much larger selection of carriers and destinations.

Omak Airport is a full service general aviation airport capable of handling corporate aircraft including light jets and turboprops. It has a 4,667x150-foot runway with a GPS instrument approach. Companies operating their own aircraft for business transportation could effectively utilize this facility if they locate at Omak.

HIGHWAY

Omak benefits from its location on one of the major north/south highways connecting Canada to California. Highway 97 is a designated federal express route that runs from interior British Columbia to Interstate-5 in northern California, crossing I-90 in Washington and I-84 in Oregon. It is a principal NAFTA truck route in addition to carrying large volumes of tourist traffic. According to the Washington Department of Transportation, in 2010 there were 5,300 vehicles per day counted on US Highway 97 at MP 293.42 about one mile north of the SR 155 connector, with about 14% or 800 of those counted as trucks.

While not as convenient as being directly on an Interstate Highway, US Highway 97 gives Omak advantages that many other communities in the region do not enjoy.

RAIL

Omak also has the advantage of being able to offer rail service. A local short line railroad carries general cargo and wood and lumber products five days a week, connecting with the Burlington Northern line in Wenatchee.

Evaluation: While Omak appears on a map to be remote, it has a relatively good transportation network that provides access to markets both in the region and beyond. Its main disadvantage is its distance from commercial passenger air service, but the availability of package express services overcomes this disadvantage for most business operations. Highway 97 and the availability of rail services are both positive location factors.

SUPPLIES/SERVICES

Business supplies have become less of a factor in site selection with the growth of Internet buying and package express delivery services. Most business supplies can be purchased on-line from companies such as Office Max and Staples, and then shipped for delivery within one or two days. Few companies actually visit these stores in order to do their shopping.

Business services are more important because those usually have to be delivered to the company by the provider.

The Okanogan County 2011 Info Book, a supplement to the Omak-Okanogan County Chronicle, provides an extensive listing of business and services available in the area. Most essential services appear on the list, with some notable exceptions such as computer hardware and software services. In many other categories there is only one provider.

Evaluation: This is a typical situation in smaller, rural communities and it is doubtful that companies would be turned away from Omak because of the relatively small base of business service providers. However, as with specialized labor skills, companies need to be targeted that do not have large requirements for business services that are not similarly available.

UTILITIES

The City of Omak provides water, sewer, solid waste and storm drain utilities to the industrial park. The Colville Tribes' plan to develop a larger waste water facility in the future, but the industrial park currently has adequate services.

Electric power supply and costs are a special advantage for the industrial park. The Colville Tribes own a stake in both the Grand Coulee and Wells Dams which provide cheap, reliable power to the region. Okanogan County PUD supplies power to the site at industrial rates as low as \$0.0375 per kWh, among the lowest rates in the nation. A woody biomass electric generating facility is also being developed adjacent to the industrial park to supply renewable power that conforms to Washington State's Renewable Portfolio Standards.

Various types of bio-fuels are also being developed by the Colville Tribes. However, natural gas is not currently available.

Broadband telecommunications are available from several providers with alternative routes for redundancy. Fiber optic lines are available in the industrial park.

Evaluation: Utilities could provide a competitive advantage for the industrial park at Omak. Companies with large energy requirements could be targeted because of availability and lower costs of energy.

CAPITAL

Only one commercial bank is listed in the 2011 Info Book business directory – North Cascades National Bank with six branches in the region. This bank offers commercial lending services to local businesses along with other standard banking services.

However, there are other sources of capital available to qualified businesses. The North Central Washington Business Loan Fund, based in Chelan, offers business loans for economic development, job creation, and retention. The Fund serves rural communities in Okanogan, Chelan and Douglas counties as well as the Colville Indian Reservation. This does not give the Omak any specific advantages over other communities in this region, but at least it makes the Omak area competitive.

In addition, the Economic Alliance is designated as the county's Associate Development Organization through the state's Local Economic Development Assistance Program, and serves as the Small Business Development Center. The Alliance can also assist firms in obtaining Small Business Administration (SBA) funding from the US Department of Commerce, and USDA funding through rural business development programs.

Small, rural communities are generally not on the radar for venture capital or other forms of equity capital.

Evaluation: Smaller companies with sound business plans can expect to find the Omak area competitive with most other parts of north central Washington for funding their operations. It can be expected that greater capital resources are available in larger communities such as Wenatchee and Moses Lake, but it is

doubtful that Omak will compete for the same types of companies. Branch operations of national firms could locate in Omak because they can obtain their financing requirements through their parent organizations.

EDUCATION/RESEARCH

As a site selection factor, this category refers to special types of education and research that can be utilized by businesses. It includes continuing or advanced education for employees as well as vocational and technical training. While it applies to a broad range of business applications, it is an especially important factor for companies that want to benefit from cutting edge research and state-of-the-art knowledge transfers.

COLLEGES AND UNIVERSITIES

Omak has two colleges that offer post-high school education. Heritage College offers the opportunity to earn undergraduate and graduate degrees while continuing to work. Its degree programs include the Bachelor's Degree (B.A.) in education, psychology or business; and the Master of Education Degree (M.Ed.) in professional development, educational administration, or counseling. It is accredited through OSPI.

Wenatchee Valley College at Omak, located 90 miles north of the Wenatchee campus, serves the residents of Okanogan County. Established in the 1970s, the Omak campus is comprised of three buildings with classrooms, labs, offices and a student center with a tutor lab. The National Guard Armory in Okanogan also provides additional classroom space and houses the allied health and nursing programs, computer and teaching labs, and instructors' offices.

The admissions, registration and financial aid procedures for classes at the Omak campus are the same as for the Wenatchee campus.

- Associate of Arts and Sciences Degree
- Associate of Sciences degree
- Associate of Technical Sciences Degrees in:
 - Accounting
 - Business
 - Business information technology
 - Chemical dependency studies
 - Early childhood education
 - Health care assistant
 - Nursing
- Certificate of Completion in the above Technical Programs
- English as a Second Language

- Adult Basic Education
- Developmental Studies for College-level Class Preparation
- Career Transition/Worker Retraining

WVC also participates in the Washington Online degree program where students may earn their associate of arts and sciences degree via the Internet.

After finishing the AAS Transfer Degree at WVC, students may continue with upper-division and graduate-level courses on the Wenatchee campus thanks to partnerships with Central Washington University and Washington State University. Classes are offered in subjects such as nursing, education, accounting and business administration. Students may learn in traditional classrooms, two-way interactive video classrooms via the Washington Higher Education Telecommunications System (WHETS), or through telecourses.

WORKFORCE TRAINING

Workforce training in Washington is provided through a network of WorkSource Centers, with one located at Omak. The Okanogan County WorkSource Center provides integrated services from multiple agencies, offering a one-stop location for a variety of related programs. The Center serves as a “broker” for these services, referring applicants to the appropriate service providers.

Programs covered by the scope of services include worker retraining, post-secondary vocational-technical programs, vocational rehabilitation, NAFTA/Trade Assistance Act, and HUD Employment and Training.

Evaluation: Despite not having a full university, Omak can offer better than average higher education opportunities and workforce training programs for a rural community of its size. The availability of on-line courses from Washington State University makes it possible for employers to arrange continuing education for key employees in their fields of specialty. Some companies will still want to locate in metropolitan areas near large research universities, but for most companies Omak can meet the requirements of this site selection criterion.

BUSINESS CLIMATE

The primary components of this site location factor are (1) government regulations and attitudes toward business, (2) costs of business taxes, and (3) community attitudes toward business. Omak is competitive with other communities in the region in all three of these components and there may be special advantages for firms locating on sites owned by the Colville Tribes.

Both Okanogan County and the City of Omak are supporting economic development efforts, specifically the recruitment of new businesses and industries. Their support of the Economic Alliance is evidence of their commitment to economic prosperity in the region. The regulatory processes at the local level are straightforward, although state and federal requirements must also be met for businesses that require their permits.

Business taxes are primarily imposed by the State and apply to all businesses and all locations. Okanogan County has a lower property tax rate than the other four

counties in the region, but the difference is not enough to influence a business location decision.

One factor that gives Okanogan County an advantage over some other areas is the Distressed Area Business and Occupational Tax Credit. A \$2,000 credit (or \$4,000 if wages and benefits exceed \$40,000) against the Washington B&O tax is available for each new employment position created and filled by certain businesses located in eligible areas. Okanogan County is an eligible area.

There are also special advantages to businesses locating at the Omak Business and Industrial park. These include:

- If the land was converted to trust status, development would be exempt from state taxes on land and buildings and on B&O taxes.
- Corporate income taxes would relate to TERO regulations, but no other corporate taxes.
- No inventory taxes on goods held for resale or otherwise in stock.
- The Colville Reservation qualifies for the Indian Employment Credit; it provides non-Indian businesses with a \$20,000 yearly tax deduction for every “qualified employee” who is paid “qualified wages”.
- A development on the Colville Reservation and/or trust lands is exempt from all local, county and state zoning and land restrictions.
- The Colville Reservation qualifies for the New Markets Tax Credit (NMTC) Program, meaning investors receive a federal income tax credit for making qualified investment in designated Community Development Entities, up to 39% of project cost.
- Sales tax exemptions apply on machinery and equipment used directly in the manufacturing process, including replacement parts.
- Non-Indian manufacturers can calculate shorter recovery periods for depreciation deductions for production equipment.
- Colville is eligible for a Foreign Trade Zone, thus allowing exemption from US Customs duties on all products imported through the Reservation.
- Authority to issue tax free bonds in Section 1402 of the ARRA.

Additional advantages include special funding opportunities.

The community in general also appears to be supportive of new business growth. The loss of jobs during the period of 1997 – 2002 hurt the local economy and people do not want to see that repeated. The Colville Tribes has been largely responsible for the turn around, with CIPV and the Colville Indian Precision Pine plants responsible for more than 1,000 jobs in the local area.

Evaluation: Smaller, rural towns usually have a much simpler approach to business regulations than large cities and Omak is no exception. Businesses

locating there will find a receptive political and civil environment. There may even be some lower tax costs. The assistance provided by the Economic Alliance will be an important factor in assuring companies they will be welcome in Omak. Special advantages of locating businesses on the Colville Reservation also apply.

SITES

This site location criterion is being met through the development of the Colville industrial park in Omak. It offers a range of site options, possibly with the construction of some multi-tenant industrial space for lease. The master planned, fully-serviced industrial park provides suitable sites for a broad spectrum of businesses and industries.

While this site is the focus of this report, it is also an advantage to be offer prospective companies more than one site to choose from. The North Omak Business Park offers fully developed sites within the city limits. According to the web site, this facility can provide companies with the following amenities:

- Power - The Okanogan County Public Utility District No.1 provides power to the development through an underground, 3-phase network.
- Telecommunications - Telecommunications to the development is provided by CenturyLink Communications (formerly Qwest).
- Fiber-optic Communications - Okanogan County PUD No.1 has provided a 144 strand fiber-optic cable adjacent to the industrial park, along Copple Road.
- Domestic Water - Water is supplied by the City of Omak from a 500,000 gallon reservoir on the north end of the development. Distribution is by 12" and 16" diameter ductile iron pipe.
- Sanitary Sewer - The Development is served by 8" diameter PVC sanitary sewer pipelines.
- Storm Drainage - Storm runoff is managed by the City of Omak or retained and disposed of on site. Retention/Detention ponds and dry wells allow for filtration and treatment of runoff prior to entry into the ground.
- Roads - All internal streets are designed and built to City of Omak Standards.
- Zoning - The Master Plan for the North Omak Business Park is recommending a mix of zoning including Industrial, Light Industrial, Highway Commercial, and Mixed Office/ Commercial. This will accommodate the variety of uses suitable for locating at this site.
- Airport - Omak Municipal Airport is approximately three miles northwest of the development. It is the third largest airport in North Central Washington. With a runway of 4,654 feet in length and 150 feet wide, it can accommodate large aircraft (400,000 lb.).

- Transportation - Omak is served by US Highway 97, State Highways 20, 155 and 17. A local short line railroad runs from Orville, Washington to Wenatchee, Washington, connecting with the Burlington Northern-Santa Fe Railroad in Wenatchee.

In addition to this facility, a new master plan has been developed for the Omak Airport that includes a business and light industrial park.

This multiple supply of planned and developed industrial park land is an advantage for Omak. Of course, it is also competition for the Colville industrial park. The master plan for that facility needs to ensure that it is fully competitive with the other sites. The management of the facility, including decisions on prices and lease terms, also need to be handled with awareness of the competition.

Evaluation: The current and projected supply of industrial sites in Omak is a strong marketing resource. Offering prospective companies a choice of sites is much more competitive than having just one to show them. The challenge will be to mount a marketing campaign that recruits new companies to Omak and brings tenants to all of these properties.

ENVIRONMENT

Based on discussions with the Colville Tribes' Environmental Trust staff, environmental assessment of the CIPV is currently being conducted. Existing information indicates that the land planned for the Omak Business and Industrial Park is not encumbered by environmental contamination.

Air quality and water quality in the Omak area currently meet federal, state, and local standards. The site is not constrained by the presence of protected natural resources.

Evaluation: Omak and the Okanogan Valley will generally not attract industries that have high pollution potential. However, this factor needs to be evaluated on a case-by-case basis rather than with a blanket generalization. The Valley is not designated as a non-attainment area and there is no evidence of environmental degradation that would keep companies from locating there.

QUALITY OF LIFE

This site location factor essentially asks the question "Do people want to live there"? The answer to this question affects recruiting capabilities, but it also affects the attitudes of the workforce and the entire community. The problem is, almost everyone has a different opinion about what constitutes Quality of Life.

Many people like the quiet, more relaxed environment of small, rural communities while others like the fast pace of the big cities. Some people want to live by the ocean, while others like living in the desert. Not everyone wants the same "quality of life".

The list of components of this category is relatively easy to address and most of the information can be interpreted as being positive for Omak and Okanogan County.

Cost of Living: Living costs are significantly lower in Okanogan County than they are for the state as a whole, primarily because of lower housing costs. However, this is not necessarily an advantage from a regional perspective because many other communities in north central Washington can offer comparable living costs.

Housing: The Omak area can offer a substantial housing market ranging from new construction in subdivisions, to farms and ranches, to mountain retreats. There is an Okanogan County Multiple Listing service and a separate one for the Methow Valley. As noted above, housing costs are low relative to the metropolitan areas of the state.

Education: Omak is well served by educational facilities. Omak School District No. 19 has one high school, one alternative high school, one middle school, and two elementary schools. There is also a special education program and an early childhood program. The schools are well rated and meet the criteria of providing good educational opportunities.

Recreation: This is one of the star attractions of Okanogan County and this region of Washington State, especially for people who like outdoor sports. The area enjoys a four-season climate with recreational options to match the seasons, ranging from downhill skiing at Loup Loup Ski Bowl to water skiing and house boating on Lake Roosevelt. The variety of outdoor recreational activities is virtually unlimited. Omak also has a municipal swimming pool that is open summers.

Sports: Those who want to watch professional sports need to drive to Wenatchee, Spokane, or Seattle. It is not expected that the absence of professional sports in Omak will keep any companies from locating there. Sports programs are available in the local schools.

Climate: As noted above, the climate in Omak is relatively benign compared to many other parts of the region although it varies with topography. This is not expected to be either an advantage or a disadvantage for business recruitment.

Culture: There is a wealth of history and cultural traditions in Okanogan County for people who like to explore this aspect of their culture. Some of it is displayed in the annual Omak Rodeo and Stampede. There are also local performing arts groups in both music and theater arts. Those who want symphony orchestras or Broadway plays will have to travel to a larger city.

Religion: This category simply asks whether people of different faiths will be welcomed in the community. There is no reason to believe that this would be an issue in Okanogan County.

Community Services: Omak has good retail services for a community of its size, especially with the recent addition of a Wal-Mart store. Some people drive to Wenatchee several times each year for greater variety but all essential products can be purchased locally.

Omak has a branch of the Okanogan County Library, which also offers a book-by-mail program. The Chronicle is a weekly newspaper devoted exclusively to the Okanogan County region, also providing daily updates of county news on its web

site. Other daily newspapers, radio stations, and cable and satellite TV are also available in Omak.

Medical services in Omak are superior for a community of its size. Mid-Valley Hospital is a 44 bed acute care hospital serving the greater Okanogan area. In addition to 24/7 emergency room coverage by a physician, the facility serves through three operating room suites, three labor and delivery suites, a general acute care ICU, lab, X-ray, pharmacy, physical therapy, occupational therapy, speech therapy, and respiratory therapy. The Mid-Valley Medical Group serves the community through four family practice physicians, two mid-level practitioners, and a general surgeon. Many visiting physicians also serve patients in the areas of audiology, cardiology, podiatry, and pain management. There is also the Omak Clinic branch of the Wenatchee Valley Clinic, which provides visiting specialists in such fields as gastroenterology, oncology, and cardiology.

Crime: Comparative data on crime were not obtained for this report. It is expected that Omak does not offer either an advantage or a disadvantage in this category.

Evaluation: Omak does very well in the Quality of Life factor, recognizing that not everyone interprets that term in the same way. People who want to live in a small, rural community will find that Omak has a surprising amount of good things to offer.

6.3 SUMMARY

As explained at the beginning of this section, most of the evaluations of site selection factors have to be considered as relative to the types of industries and people being recruited to the area. Following are some general conclusions that will apply to most companies looking at Omak and Okanogan County.

- The Omak area can offer competitive advantages in several areas. Its labor force is a strong point, as long as companies can use the skills of the existing labor force and not have to recruit workers with specialized educations or training from outside the area.
- The transportation system is also a positive factor, except for the absence of commercial air services. While several other communities in the region can offer the same or better capabilities, the systems available at Omak can meet the needs of most companies.
- Business services may be a weak point for Omak. A small business support center, perhaps in the new incubator facility, could help to solve this problem.
- The Colville Tribes may be able to offer a unique advantage by providing electric power and waste heat from its power plant at the industrial park site. If this could be developed, it could provide a powerful resource for marketing the project.

- Assistance provided by the Economic Alliance in accessing capital is an important asset for the Omak area. The North Central Washington Business Loan Fund is also an important asset.
- Post high school education in Omak is surprisingly good because of the branch facility of Wenatchee Valley College, Heritage College, and distance learning programs of Washington State University. While not offering the capabilities of a research university, these facilities in Omak provide opportunities for Associate and higher degrees without having to leave the area.
- The business climate in Omak is an asset. Anything that can be done to strengthen this factor and facilitate the move of businesses to Omak will add a competitive advantage.
- Omak can offer a variety of business and industrial sites, giving prospective companies choices of locations. This is a strong marketing advantage when compared to communities that have only one site to offer.
- Environmental issues need to be evaluated on a case-by-case basis for each prospective new company. However, there are no known issues that would limit the ability of non-polluting companies to locate in the North Omak Business Park.
- Quality of life is a definite asset in Omak, except for those people who prefer the excitement and variety of large cities.

Taken together, the Colville industrial park in Omak is a marketable commodity. The next report will examine how these site selection evaluations can be applied to targeting specific companies to recruit to the industrial park.

7 TARGET INDUSTRY ANALYSIS

This target industry analysis and resulting targeted sectors are significantly changed in this updated report from what was found in the 2005 report. For example, one of the recommendations in the 2005 report has subsequently been developed – the Tribal Trails gas station and convenience store on the east side of Highway 97. However, other recommendations are no longer viable either due to changes in overall market conditions or because of the closure of Colville Indian Plywood and Veneer. The methodology in this report is the same, but is based on updated data and analysis.

It needs to be emphasized that this target industry analysis looks beyond recruiting outside companies to Omak, giving equal attention to the development of new Tribal businesses as well as locating commercial businesses and entrepreneurial start-ups in the business and industrial properties.

The previous two sections of this report provided economic and demographic profiles of Omak and Okanogan County, along with an analysis of the area's capabilities to support new business development and/or recruitment. This section builds on those findings to identify target industry sectors that have the highest probability of being successful in the Omak Business and Industrial Park or adjacent properties along US Highway 97 and SR 155, as well as offering the best development opportunities for the Colville Tribes.

The targeted sectors are defined by the North American Industrial Classification System (NAICS) which began replacing the older Standard Industrial Classification (SIC) Codes in 1997. The purpose of the change was to standardize industry definitions throughout the North American Free Trade Agreement region of the United States, Canada, and Mexico. This is especially useful for a project in Omak, as it provides a way to identify potential industries in Canada for recruitment to the industrial park.

7.1 CRITERIA FOR THE TARGET INDUSTRY STRATEGY

Targeting businesses for a specific business and industrial park is similar to, but at the same time different from, targeting industries for recruitment as part of a community economic development program. Because of the need to generate a return on invested capital, business and industrial parks need to achieve short-term successes that will ensure an adequate land absorption rate and cash flows. Community economic development programs generally focus on longer-term objectives, such as expansion of employment and income opportunities for the resident labor force.

With that in mind, the following criteria have been used to ensure that the industries targeted for the Omak Business and Industrial Park will provide opportunities for the Colville Tribes to generate revenues and meet other Tribal objectives for their property.

1. Vertical Integration: Firms should be targeted that can provide inputs to existing local industries and/or can offer “value added” products by utilizing the output of existing industries. The first part of this criterion recognizes that local industries represent markets for those firms that supply them with materials and services, so a rational argument could be made for locating those suppliers in Omak. Another alternative would be to develop new firms locally that could replace outside suppliers. The common term for this strategy is “import substitution”.

The second part of this criterion relies on attracting or developing companies that can utilize the byproducts of existing local industries to add value by making new products. For example, the whole millwork industry (windows, doors, cabinets, etc.) generally utilizes mill ends to product their products rather than using whole boards. Although CIPV has been closed, there are other suppliers of such materials in the Omak area.

2. Horizontal Integration: This term generally applies to firms that are not direct suppliers or users of byproducts but can be linked to local firms through common resources or interrelated products. The concept of industry “clusters” generally fits this category. The idea is that a cluster of companies in similar industrial sectors will create a “critical mass” of supply and demand that sustains a local market for all of them. This concept is explored in more detail later in this section.
3. Firms should be targeted that have “niche” markets, producing products or services that are not competitive solely on the basis of price. These kinds of firms are not as affected by distance from markets and transportation costs as firms in more price-sensitive sectors. They may even operate in global markets, maintaining their competitiveness on the basis of a unique product or service, superior quality, or similar factors other than costs.
4. The characteristics of occupational skills of the local labor force indicate that firms should be targeted in “basic” industries rather than high-tech, aerospace, or other sectors that require highly educated and highly skilled workers. Short-term absorption will not be achieved by targeting companies with labor force skill requirements that are not available in the Omak area.
5. It would be desirable to target companies that have diverse occupational characteristics, providing upward mobility opportunities for workers who are initially employed at entry-level jobs. Firms with a single occupational requirement may offer dead-end jobs.
6. Firms should be targeted that pay wages of \$16 per hour or higher, with good benefits. Based on a 2,080-hour year, that wage equates to \$32,280 annually. That is below the current median household income level but it is assumed that some households have two or more workers earning income. Firms paying even higher wages can be prioritized. That does not mean that firms paying lower wages need to be

discouraged from locating in Omak, but simply that they should not be high priority targets.

7. Smaller companies are more suited to the resource limitations of the Omak area than large companies. It would be preferable to target companies with fewer than 200 employees and have them grow in Omak, rather than recruiting larger firms that have developed somewhere else. Also, small firms with sales of less than \$1 million their first year that qualify for special SBA financing should be targeted.
8. Owner-managed companies that will hire their workers locally are preferred over branch facilities that will move workers to Omak from other locations.
9. Firms with extensive travel requirements for their management, sales personnel, or customers would not find the Omak area as competitive as other communities located near commercial airports.
10. Firms should be targeted that have “clean” operations, i.e., they do not produce hazardous, obnoxious, offensive or unsightly byproducts from their operations. The Omak Business and Industrial Park should improve the image of the community as seen from US Highway 97, not detract from it.
11. US Highway 97 and SR 155 also offer a resource for recruiting commercial companies that can benefit from high traffic volumes and Omak’s location close to the Canadian border, both tourist-commercial businesses and those that serve the trucking industry. The commercial service and retail sectors are responsible for the majority of new non-residential construction in Omak and the land between OIP and those two primary highways offers opportunities to capitalize on this growth.
12. Expanding the commercial core along US Highway 97 and SR 155 can provide opportunities to create synergies between the commercial and industrial sectors. Commercial firms that support both the highway traffic and the industries locating in the industrial park should be encouraged.

Several of these criteria are qualitative while others are based on business support capabilities of the Omak area. The primary objective is to identify companies that can be recruited and/or developed in the area, get them interested in the Omak Business and Industrial Park and the adjacent Highway 97 and SR 155 corridors, and then apply the various qualitative screening criteria to determine whether they are a good “fit”.

7.2 INDUSTRIAL CLUSTERS

As noted above, one of the ways to identify potential target industries is to examine “clusters” of related companies and try to expand those clusters in the local area. Industrial clusters cross many lines of NAICS codes but are related

because they tend to group together, sharing resources and providing inputs to one another.

The concept of industrial clusters was pioneered by the Institute for Strategy and Competitiveness (ISC) at the Harvard Business School. ISC has developed maps of clusters throughout the United States and has provided the base data for the states themselves to define various levels of cluster activity.

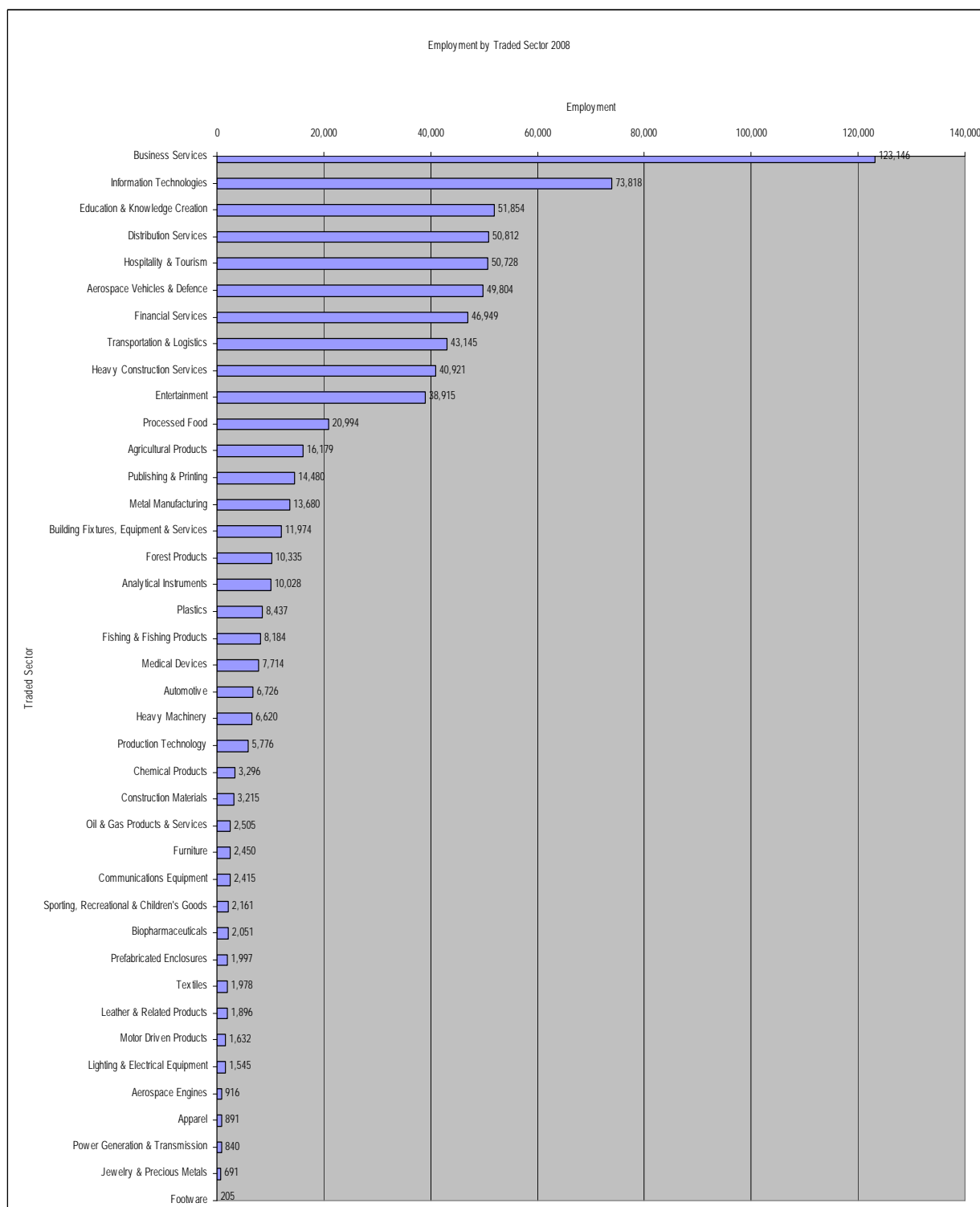
There are 41 clusters that are analyzed by ISC:

Aerospace Engines	Aerospace Vehicles and Defense
Agricultural Products	Analytical Instruments
Apparel	Automotive
Biopharmaceuticals	Building Fixtures, Equipment & Services
Business Services	Chemical Products
Communications Equipment	Construction Materials
Distribution Services	Education and Knowledge Creation
Entertainment	Financial Services
Fishing & Fishing Products	Footwear
Forest Products	Furniture
Heavy Construction Services	Heavy Machinery
Hospitality & Tourism	Information Technology
Jewelry & Precious Metals	Leather Products
Lighting & Electrical Equipment	Medical Devices
Metal Manufacturing	Motor Driven Products
Oil & Gas Products & Services	
Power Generation & Transmission	Prefabricated Enclosures
Processed Food	Production Technology
Publishing & Printing	Sporting, Recreational & Children's
Goods	
Textiles	Tobacco
Transportation & Logistics	

One of the uses of clusters is to estimate the strength of each individual sector by measuring the growth of the overall cluster. For example, the construction industry drives the demand for the cluster of Construction Materials, which in turn drives the demand for each of the six sectors grouped within that cluster.

The ISC provides an analysis of clusters in Washington State, using various measurements to indicate their sizes, growth rates, wage concentrations, and other variables. The chart on the next page indicates the employment in clusters, ranked by their size, in Washington State in the year 2008. That is followed by a chart that shows the changes in employment in each cluster between 1998 and 2008. Both of these are for “traded” clusters, which mean they provide products to other sectors of the economy, similar to an input-output analysis.

FIGURE 7-1
EMPLOYMENT IN TRADED CLUSTERS, WASHINGTON STATE, 2008



As can be seen in Figure 7-1, the largest traded cluster by employment in Washington State in 2008 was Business Services. Aerospace Vehicles and

Defense, which had been the largest cluster in 2001 as shown in the 2005 report, fell to sixth place in 2008.

FIGURE 7-2
CHANGES IN EMPLOYMENT BY TRADED CLUSTER, WASHINGTON STATE, 1998-2008

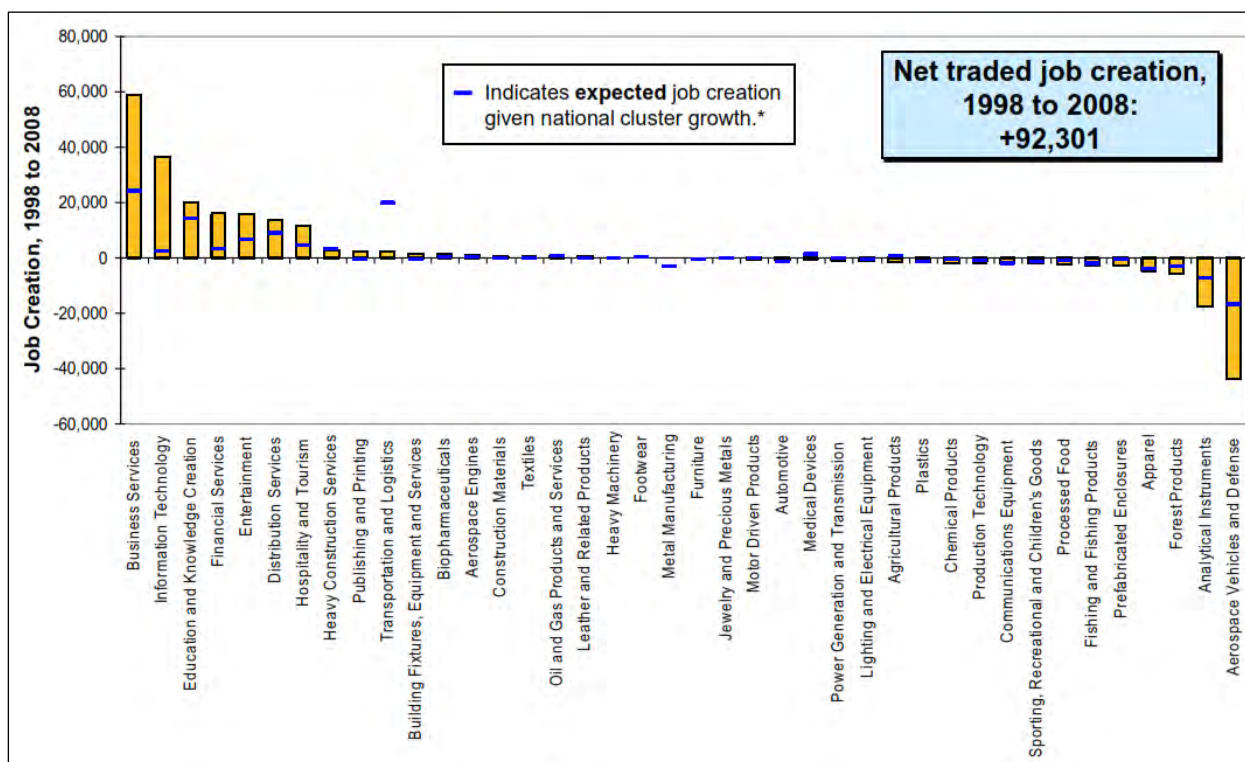
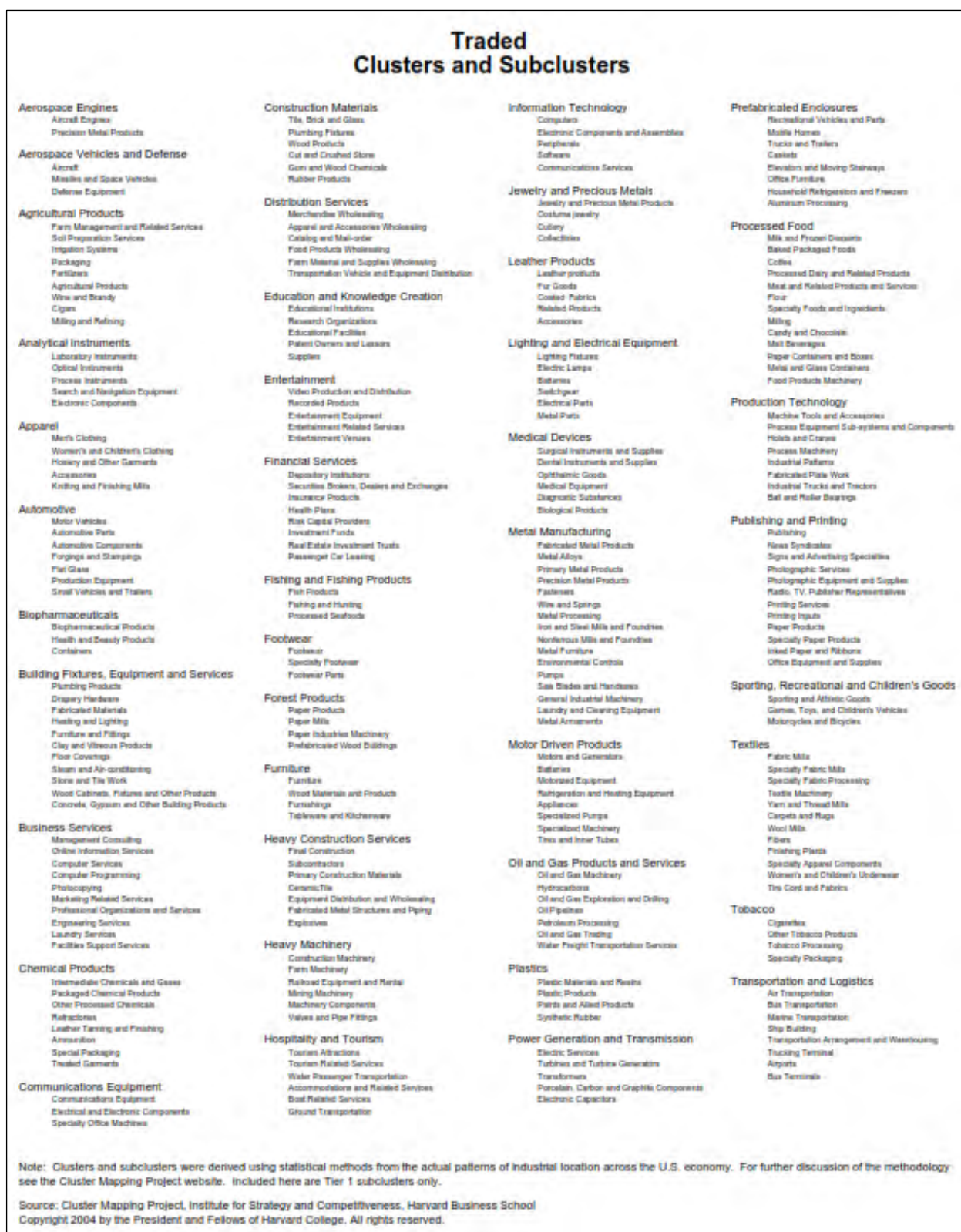


Figure 7-2 shows that the largest increase in employment by traded cluster over this 10-year period was also in the Business Services cluster, followed by Information Technology and Education & Knowledge Creation. It should be noted that some clusters actually lost employment over this period, including the large Aerospace Vehicles and Defense cluster. Other clusters losing employment that are part of the Okanogan County economy were Forest Products, Processed Food, and Agricultural Products. Clusters that are losing employment are generally not considered to be candidates for new facilities.

These charts are referenced in this section as individual clusters, while NAICS industries that comprise these clusters are discussed as potential targets for the Omak Business and Industrial Park. The following chart shows the various sectors that make up each industrial cluster.

FIGURE 7-3
INDUSTRY COMPONENTS OF TRADED CLUSTERS



Traded cluster analysis can also reveal which industry clusters pay the highest wages, on average, and would thereby generate the highest amounts of income to local workers. The analysis for Washington State shows this comparison for the year 2008.

FIGURE 7-4
WASHINGTON WAGES BY TRADED CLUSTER, 2008



According to this chart, the highest wages would be paid by recruiting and/or developing businesses in the Information Technology, Financial Services, Medical Devices, and Power Generation & Transmission sectors.

7.3 WHERE DO TARGET INDUSTRIES COME FROM?

There are three primary sources of tenants for industrial parks:

1. Existing firms in the area that are expanding, relocating to new facilities, or facing the expiration of their current lease. Most private-sector industrial park developers rely almost exclusively on this part of the market to fill their sites and buildings. They normally hire real estate brokers to canvass local companies to find out which ones are planning to move from their present facilities.
2. Firms that are expanding or relocating from outside of the local area that might be recruited to the Omak Business and Industrial Park. These include firms that will consider moving to Okanogan County to be more accessible to their markets, to benefit from local resources, or to reduce their operating costs. They could be whole company relocations, or the location of branch facilities with the headquarters remaining elsewhere. This group also includes owner-managed firms where personal lifestyle choices are likely to influence the decision. Firms in this market are usually recruited through economic development programs, although industrial park developers may also promote their properties to companies outside of the local area.
3. New business start-ups. These include businesses started from scratch, small businesses that need to move out of someone's garage or outbuilding, or companies being spun off from an incubator facility. Many of these kinds of companies initially move into leased space in a multi-tenant building rather than acquiring their own sites. These kinds of companies usually require relatively small sites or facilities, although they may need room to grow as they mature.

Data are not available to show the sizes of these market segments. However, the County Business Patterns report from the US Census Bureau shows the following numbers of establishments by industry segment, which gives an indication of the relative sizes of the components of the Okanogan County industry base.

TABLE 7-1
ESTABLISHMENTS IN OKANOGAN COUNTY, 2008

Sector	# of Firms
Agriculture, Forestry, Fishing	41
Mining	5
Utilities	6
Construction	205
Manufacturing	34
Food Production (6)	
Beverages (4)	
Apparel(1)	
Wood Products(4)	
Chemical Products(1)	
Nonmetallic Mineral Products(3)	
Primary Metal Products(1)	
Fabricated Metal Products (5)	
Machinery Manufacturing (2)	
Furniture Products (4)	
Miscellaneous Manufacturing (3)	
Wholesale Trade	43
Retail Trade	199
Transportation & Warehousing	30
Information	28
Finance & Insurance	41
Real Estate	60
Professional, Scientific, Technical Services	83
Management of Companies	2
Administrative & Support Services	47
Educational Services	8
Health Care	118
Arts, Entertainment & Recreation	28
Accommodation & Food Services	126
Other Services	101
Not Classified	2
Total Private Establishments in 2008	1,207

Of these, the 34 manufacturing establishments represent the local base of industrial firms that might be candidates for expansion or relocation to the Omak Business and Industrial Park. Other opportunities might exist in the categories of Transportation and Warehousing, Utilities; and Wholesale Trade. There may also be some opportunities in the Services sector, especially the various types of Business Services. Firms in that category would normally be candidates for office space, rather than industrial, but could be accommodated in a business park located along Highway 97 or along SR 155.

These are the companies that can provide a local market share for the industrial park. The marketing plan described in the next section of this report suggests ways to contact these local firms and promote the industrial park to them. It also suggests ways to participate in business recruitment with The Economic Alliance and other agencies, and to develop local start-up businesses if that is something the Colville Tribes want to do.

7.4 RECOMMENDED TARGET INDUSTRIES

Since the 2005 study was completed there have been several significant changes in the economic and market conditions in Okanogan County and the Omak area. Key among these are:

- Closure of the Colville Indian Plywood and Veneer plant.
- Loss of markets for all products and services in the construction industry, especially housing.
- Reduced discretionary spending by the consumer sector.
- Reduced tourism activity and spending.
- Reductions in government spending and employment at all levels.

At the same time, some new economic opportunities have been emerging. One of these has been the emergence of the renewable energy industry. In November 2006, Washington voters passed a measure for a renewable portfolio standard which requires utilities supplying more than 25,000 customers in the state to provide up to 15% of their electricity from renewable sources by the year 2020. A variety of renewable sources was cited in the statute including wind, solar, biomass generation, and biofuels.

The Colville Tribes has already put in place plans for a large-scale biomass electric generating facility and is planning for the production of biofuels. These will utilize wood resources obtained primarily from forest conservation and management practices. The Colville Tribes are also participating in a proposed project called Forest Vision 20-20, a large-scale forest restoration project. The Colville Tribes' effort is part of collaboration with the Northeast Washington Forestry Coalition, the Colville National Forest, the Washington Department of Natural Resources, and the American Forest Resource Council.

If successful, the Colville National Forest estimates that approximately 210 million board feet or 42,000 log trucks full of material would be harvested and utilized from national forest lands during the life of the project. This resource would supply eight sawmills, a plywood plant, three pulp and paper mills, three pellet processing plants, and a wood biomass energy production facility. At the time of this report, it had not been determined whether this project had been approved by the US Forest Service.

Regardless of the outcome of this proposal, the need to produce renewable energy for the state's utilities will continue through 2020 and beyond. Because woody biomass is a recognized renewable resource in the statute, this will provide continued opportunities for the Colville Tribes because of its vast timber resources. That creates some secondary or by-product opportunities which are described in this report.

The industrial sectors recommended as targets for the Omak Business and Industrial Park were selected on the basis of the following criteria:

- They are part of industry clusters that already have a presence in the Okanogan County area; therefore there are linkage opportunities associated with them.
- They are industries that can be supported by the resource base in the area, providing competitive advantages for their location in Okanogan County.
- They are industries that have viable growth trends in the local area, the state, the nation, or all three.
- They are industries that might be able to benefit from specific advantages that can be offered by the Colville Tribes and the location of the site on reservation lands.

The analysis of these criteria produced the following set of primary targets:

- Wood Products (Construction Materials Cluster)
 - Engineered wood products
 - Secondary wood products
 - Specialty wood products
- Food Products (Processed Food Cluster)
 - Dried fruits
 - Specialty foods
 - Fish produces (part of the Fishing & Fishing Products Cluster)
- Wood Products (Construction Materials Cluster)
 - Engineered wood products
 - Secondary wood products
 - Specialty wood products
- Food Products (Processed Food Cluster)
 - Dried fruits
 - Specialty foods
 - Fish products (part of the Fishing & Fishing Products Cluster)
- Recreational & Travel Vehicles (Prefabricated Enclosures Cluster)
 - RV's, Travel Trailers, Campers
 - Boat building (part of the Transportation & Logistics Cluster)
 - Prefabricated wood buildings (part of the Forest Products Cluster)
 - Manufactured housing

- Truck trailers
- Power Generation & Transmission Cluster
 - Biomass electric generation
 - Biomass pellets and blocks (for sale to non-Tribal customers)
 - Bio-fuels development and generation
 - Fuel cells, supportive technologies
- Metal Manufacturing Cluster
 - Fabricated metal products
- Plastics Cluster
 - Specialty plastics products (combined with Engineered Wood)
 - In addition to these manufacturing sectors, a commercial cluster of businesses can be targeted that can utilize the land between the OIP and Highway 97 and can draw business from both the highway traffic and the industries operating in the industrial park.

Each of these sectors is evaluated in the following pages, showing representative NAICS codes, a description of the specific types of industries and/or products that are recommended, a brief overview of industry trends, and a discussion of locational requirements and the rationale for targeting them for the Omak Business and Industrial Park.

Some additional industries are also explored in this sector, mainly for exploration if the Colville Tribes should be interested. It is not certain that they could be developed or recruited in the region but is at least worth considering.

WOOD PRODUCTS (ENGINEERED)

COMPONENT SECTORS

NAICS 32121 – Veneer, Plywood, and Engineered Wood Products Manufacturing

As noted above, the Colville Indian Plywood and Veneer plant is closed and is not expected to reopen because of very high capital costs to update the facility. The specific focus here is on developing an engineered wood products manufacturing capability. This consists of two parts: (1) manufacturing engineered wood members, and (2) manufacturing reconstituted wood products. This industry includes manufacturing plywood faced with non-wood materials, such as plastics or metals.

Examples include:

Fabricated structural wood members	Particleboard
Laminated structural wood members	Reconstituted wood sheets,
boards	
Medium density fiberboard	Roof trusses

Oriented strand board (OSB)

Wafer board

It is not known when construction activity in the U.S. will recover and increase demand for the Construction Materials Cluster. However, there continues to be relatively high demand in certain export markets, especially in China and other parts of Asia. In addition, high steel prices have been causing increasing demand for substitute products, such as laminated wood beams with steel reinforcements. There is also a growing use of hybrid products that combine wood with plastic composite materials such as resins. Another hybrid product being developed is strawboard, which uses wheat stubble as a raw material instead of wood wastes.

The rationale for locating this industry in Omak is that there is a good supply of raw materials, an experienced labor force, and a transportation structure for exporting finished products. The Colville Tribes have the advantage of controlling their own timber resources rather than having to bid for product on US Forest Service lands.

Research on specific types of products and markets will be required to identify the best opportunities. For example, wood roof trusses could either be fabricated from dimension stock or could be laminated products. This is a good example of vertical integration, using existing industries to develop new ones from surplus resources or wood by-products.

These kinds of plants tend to need a substantial amount of land and space, including outside storage of raw materials. An issue for the Omak Business and Industrial Park is whether this represents the highest and best use of the limited amount of available land, or whether that land might be better used for making higher-value products and/or producing greater employment.

WOOD PRODUCTS (SECONDARY)

COMPONENT SECTORS

NAICS 321911 – Wood Window and Door Manufacturing

NAICS 321920 – Wood Container and Pallet Manufacturing

NAICS 32199 – All Other Wood Product Manufacturing

NAICS 337110 – Wood Kitchen Cabinet & Countertop Manufacturing

Most of the products covered by these classifications are made from mill ends or cut stock, which is defined as lumber and worked wood products cut or shaped to specialized sizes. These are generally by-products of sawmills, planing mills, or other producers of dimension lumber.

Demand for wood windows and doors, as well as for household cabinets, has slowed during the recession with construction activity falling across the country and in Canada. However, some companies such as Interfor Pacific, a Canadian producer of construction lumber, have been able to continue operating by shifting to cut stock for millwork and furniture.

The Wood Container & Pallet Manufacturing category is included primarily because of the large agricultural market for these products in the region.

However, it is not known whether the existing market is adequately supplied or if there is room for new producers. Even if the supply is adequate, there may be opportunities to relocate existing suppliers based on the advantages that could be offered by a location on Tribal lands in Omak.

It should be noted NAICS 32199 appears to be a “catch-all” category but actually contains some specific subsectors that make sense for Omak. For example, the subcategory of Prefabricated Wood Buildings (NAICS 321992) includes companies making farm sheds and other outbuildings used in the agricultural sector. It also includes pole buildings that are commonly used for storage. Manufactured housing is also included in this overall category.

The rationale for targeting these sectors is the same as previously cited: (1) a supply of raw materials; (2) a supply of experienced workers in the Omak area; and (3) a transportation system suitable for shipping these kinds of products. These sectors would also contribute to vertical integration by creating value-added products from the by-products of existing industries owned by the Colville Tribes as well as others in the region.

The location requirements of these sectors are not as land-intensive as for the previous categories cited above, except for manufactured housing. It is not unusual for firms making wood cabinets, for example, to operate from a 10,000 square foot building on a one-acre site.

WOOD PRODUCTS (SPECIALTY)

COMPONENT SECTORS

NAICS 337127 – Institutional Furniture Manufacturing

There is a large range of potential industries that could be included under this category. For example, a firm was established in John Day, Oregon, that manufactures laminated wooden archery bows out of the by-products from that area’s sawmills. Institutional wood furniture is listed primarily because it offers niche markets that are not necessarily focused exclusively on price competition.

Examples include library, school, theater, and church furniture. There is an emphasis on quality of product, but there is also consideration of how well the furniture fits the motif or theme of the building and its projected image. An interesting example is a firm in Israel that manufactures church furniture from cedar which it sells in world markets. Customers identify the product as being from the Holy Land, even though the cedar is imported from Canada.

There is increasing research being done on the utilization of juniper wood for various products, including church and other institutional furniture. It is also being used for wood picture frames and other types of ornamental products.

No specific products or markets are recommended here. The overall category is included because the Colville Tribes control the supply of raw materials that could be used to develop various types of specialty wood products manufacturing.

FOOD PRODUCTS

COMPONENT SECTORS

NAICS 311330, 311340 – Confectionery Manufacturing

NAICS 311412 – Frozen Specialty Food Manufacturing

NAICS 311423 – Dried and Dehydrated Food Manufacturing

NAICS 311712 – Fresh and Frozen Seafood Processing

Food processing and packaging is one of the larger industries in Central Washington, with an estimated 5,500 workers employed in Okanogan, Chelan, Douglas and Grant counties in July 2004. Statewide, this sector employed about 37,300 workers.

It is not an especially large industry in Okanogan County, but there are nearby sources of supply as well as markets. The upper Columbia River region in Washington is a large producer of orchard crops, primarily apples and peaches, with additional production of grapes, cherries, and other fruits.

It is not recommended that major packing plants or processing facilities be targeted for the Omak Business and Industrial Park. Instead, the focus here is on smaller specialty food manufacturers. There are already several of these kinds of companies located in Okanogan County and this is a growing sector of the food industry. The fastest growing component is Frozen Specialty Food Manufacturing, making prepared entrees and portions that can be microwaved into ready-to-eat meals.

There is a trend in the food products industry toward “branding”, which requires establishing a reputation for quality that will command a higher price in the marketplace. This could be a niche opportunity to produce confections, dried fruits, or other products that would be recognized as superior. Over time, it should be possible to develop products from the Okanogan Valley that would have worldwide markets.

The Fresh and Frozen Seafood Processing component is a unique opportunity for the Colville Tribes. An association of Native American tribes in the lower Columbia River region is currently pursuing a joint-venture fish processing facility to process and sell salmon caught by tribal members. Their plan is to locate it somewhere along the I-84 corridor and market the products at both the retail and wholesale levels. A similar type of facility is being developed in Naknek, Alaska, by the Bristol Bay Native Corporation. That plant will produce smoked, dried, and canned salmon for export markets.

A feasibility study can determine whether this type of facility could also be developed in the upper Columbia River region by the Colville Tribes.

RECREATIONAL AND TRAVEL VEHICLES

COMPONENT SECTORS

NAICS 336212 – Truck Trailer Manufacturing

NAICS 336214 – Travel Trailer and Camper Manufacturing

NAICS 336612 – Boat Building

(In the Cluster analysis, this cluster also included Manufactured Housing and Prefabricated Wood Buildings. These were discussed above under Wood Products, so they are still included in the list of target industries.)

Truck Trailer Manufacturing is targeted because US Highway 97 is a major truck route running between Canada and California, with a large concentration of trucking activity in north central Washington because of the agricultural commodities shipped from there. It makes sense to provide a facility in the Omak area that can supply and/or repair truck trailers, and also supply other component parts to the trucking industry. This is a specialty business, with product suitability and quality often outweighing price.

The recreational categories – Travel Trailers, Campers, and Boats – already have sizable representation in the region but mostly in the mid-Columbia region in Oregon and Washington. Travel Trailers and Campers are best described as “assembled” products, i.e., the components are purchased from outside vendors and assembled at the site of completion.

The Colville Tribes could supply some of their own needs by making these products at Omak. A production facility could be started to build houseboats for the Lake Roosevelt recreational market, then expanded to sell to outside markets. This could be expanded to other kinds of recreational boats, and then expanded further into travel trailer and camper production.

This cluster of industries also fits with the available skills of the resident labor force, and can be supported by the transportation system in the region. It could either be developed by recruiting existing companies in the industry to locate in Omak, or by developing new businesses using Tribal resources.

These industries could be suitable for locating in the former crane shed on the CIPV site. That building lends itself to production line assembly operations and the fabrication of large products.

POWER GENERATION AND TRANSMISSION CLUSTER

COMPONENT SECTORS

NAICS 221119 – Other Electric Power Generation

As noted earlier, there is continuing demand for electric power generation from alternative, or renewable, energy sources because of renewable portfolio standards in Washington and other western US states. Woody biomass is increasingly being recognized as a desirable fuel source because of the secondary benefits from forest conservation and management.

There is no natural gas in the area to fuel a co-generation plant similar to those found all along the major gas transmission lines through eastern Washington and Oregon. However, there is growing interest in using waste products from the agricultural industry as alternative fuels. In particular, surplus wheat stubble and by-products of strawboard production are being explored for this purpose. Other sources of fuel can be found in the processes of fermentation and decomposition of certain agricultural commodities.

It is not possible to fully explore this option without a technical feasibility study. If it is determined to be feasible, then there could be significant advantages to developing a generating facility at Omak. Substantial financial incentives can be obtained from the US Department of Energy and other federal and state agencies to develop alternative power sources. Also, expanding the generation of electric power could provide a captured source of power for electricity-intensive operations such as a steel smelter that uses an electric arc furnace. Waste heat from the generation process can also be captured for use in certain processing operations, such as a food canning plant.

NAICS 335999 – Miscellaneous Electrical Equipment and Components

This is a catchall category that includes Electromechanical Fuel Cells. There is growing interest in fuel cells as the future replacement for fossil fueled, internal combustion engines. Some of the leading companies in this field of research include Avista Corporation in Spokane, and Ballard Manufacturing in Vancouver, B.C. There is also a lot of work being done in developing fuel cell technologies in the Edmonton area of Alberta.

It is a stretch to claim that the Omak area has competitive advantages for development of fuel cells. However, it could be possible to develop an energy-industry cluster in the area that would include the production of fuel cells. If a bio-fuels industry is developed in Omak, then some of the by-products might be used as the chemical resources for fuel cells.

METAL MANUFACTURING CLUSTER

COMPONENT SECTORS

NAICS 332 – Fabricated Metal Products Manufacturing

If the Colville Tribes develop a dependable energy source that they can use at their discretion, this could be a powerful incentive to recruit companies that have high energy requirements. This is a typical requirement of the Fabricated Metal Products industry.

This sector covers a broad range of products and manufacturing processes. It includes forging and stamping; manufacture of cutlery and hand tools, architectural and structural steel metals; prefabricated metal buildings; metal window and door manufacturing; sheet metal work; metal containers; hardware manufacturing; and wire manufacturing.

Some of these products have independent markets, while others could be utilized as components in manufacturing other products, such as manufactured housing. Those products typically use metal framing and chassis in their construction. Sheet metal components could also be utilized with engineered wood products to make structural beams for the construction industry.

Another application is the manufacture of metal buildings for farm use, and the manufacture of metal components for farm implements. There is a continuing market for product upgrades and accessories in the agricultural implement industry.

The Colville Tribes would benefit by developing core skills in the Fabricated Metal Products industry because there are so many applications and so many markets.

One question that arises is what will be the source of the metal. It was noted earlier that world prices for steel have been rising, which makes the salvage of scrap metals economically viable. A metal scrapping facility, combined with a smelter, could produce the raw materials both for Fabricated Metal Products and for export to other markets. The key requirement would be a reliable, low-cost energy source. By expanding their own power generation, the Colville Tribes would be able to meet this requirement.

Again, a feasibility study needs to be done to determine the viability of this concept.

PLASTICS CLUSTER

COMPONENT SECTOR

NAICS 325211 – Plastics Material and Resin Manufacturing

In the discussion on engineered wood products, it was noted that products are evolving to include the combination of wood and plastic composite materials. The composites can be veneers applied to the outside of the wood products, or they can be resins added to the wood to give it strength. Composite resin materials are also being used outside of the wood products industry to manufacture a wide variety of lightweight products, including recreational boats and watercraft that were cited earlier as a target industry. Other uses include truck cabs and wind deflectors, and composite parts for aircraft. Even whole aircraft are being manufactured from plastic composite materials.

This is another industry sector that would prove beneficial for the Colville Tribes to develop core skills. Composite products can be used as components for several of the other target industries that have been recommended in this report, adding value to developing or recruiting those industries in Omak.

The Plastic Materials and Resins cluster was also identified in Section 1 of this report as one of the nation's growing industries, even during the recent recession.

Site requirements for this industry will vary with the type of facility being built. Operations that use plastic pellets as raw material often require location on a railroad track as that is the primary mode of transport. How the products are shipped depends on what they are and where their markets are located. Smaller companies in this industry could easily utilize sites of 1 – 3 acres for plants in the size range of 15,000 – 40,000 square feet.

BUSINESS SERVICE CLUSTERS

A business services cluster could include the following components. They are shown here with their approximate acreage requirements.

Truck stop, convenience store, small restaurant	3 – 4 Acres
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The Tribal Trails fuel station and convenience store was built as a recommendation from the 2005 study but there may be opportunities for related facilities such as are found in full service travel centers.

Bank, financial services

½ - 1 ½ acres

Financial institutions are often found in or near industrial parks to provide services to the companies operating there. This could also be a credit union, savings and loan institution, or other appropriate facility. A firm that specializes in SBA loans and other types of financing for minority enterprises or small businesses would be desirable. It is assumed that this would be a branch facility of a larger institution.

Engineering, other technical business services

1 – 2 acres

A business park is a good location for a small cluster of offices that house engineering firms, architects, surveyors, and other firms offering services to businesses. A multi-tenant office building could be constructed that would house three or four of these types of businesses.

Import, export services

1 – 2 acres

Omak's location within 50 miles of the Canadian border may offer an opportunity to develop a small transshipment center that would include import/export services. Firms locating in the industrial park would use these services, but they would also be available to other companies importing and exporting products.

Local commercial services

4 – 6 acres

This category is for non-categorized local services that need suitable locations with good visibility along US Highway 97 or SR 155.

These kinds of businesses will be developed slowly at first, but growth will accelerate as greater synergies are created. A site of 10 acres could be expected to see about one acre absorbed the first year, about 1 – 1 ½ acres each year for the next five years, and the entire parcel absorbed within about eight years.

OTHER POTENTIAL TARGET INDUSTRIES

The analysis in this section has focused on what industries appear to be most supportable in the Omak area, and that have a rationale for locating there. But there are some other industries that were evaluated during the research that may also have potential. These are discussed in limited detail below.

BREWERIES, WINERIES, DISTILLERIES

This was also identified as one of the growing industries in the nation over the past several years, running a counter-cyclical trend. The industry is moving toward small production centers with specialized products and brand name loyalty.

Central Washington is a major source of wine grapes. It also has a sizable hops industry. The ingredients for beer and wine are readily available and Omak could be a good location for a small production center.

SMALL ARMS AND AMMUNITION

This industry has been the target of numerous lawsuits, some trying to shut down the industry in the United States. The state of Wyoming has targeted this industry for business recruitment and is offering protection from liability as an incentive. However, the Colville Tribes could offer even greater protections, from both state and federal liability lawsuits.

TABACCO PRODUCTS

The rationale for manufacturing tobacco products on a reservation is the same; limited liability and protection from lawsuits. The Colville Tribes could also offer a pricing advantage through lower taxes.

HYDROPONIC ORNAMENTALS

The climate in the Okanogan Valley is conducive to greenhouse agriculture. There generally needs to be a heat source, and there also needs to be a source of nitrates that are usually provided by natural gas. If an energy complex is developed at Omak, especially one that uses bio-fuels, then these requirements could be met. Ornamentals are a high-value crop and Omak is conveniently located on major shipping routes.

As noted earlier, this list is not meant to be exclusive. Its primary purpose is to provide input to the master plan of the Omak Business and Industrial Park. The next section of this report will examine a management and marketing plan to implement the business development.

Two significant changes have occurred since the 2005 Master Plan was written, in addition to the shutdown of CIPV. One was the adoption of a Tribal Uniform Commercial Code (UCC) by Resolution 2011-343 on June 2, 2011. That removed a major barrier to the attraction of non-Tribal businesses onto Tribal land. The other was the reorganization of the Colville Tribal Enterprise Corporation (CTEC) and the formation of the Colville Tribal Federal Corporation (CTFC) under Section 17 of the Indian Reorganization Act of 1934. According to information published in June 2011, the CTEC/CTFC combination went from losing \$8.1 million for the year ending September 20, 2009 to earning \$2.3 million for the year ending September 20, 2010.

Those changes are adopted into this section which contains information required to implement the development, marketing and management of the Omak Business and Industrial Park. Those three elements are not necessarily sequential but require that they all be addressed at the outset of the project and be ongoing thereafter. Over time, there will always be requirements for management even when all of the properties are leased and built-out. There may also be on-going requirements for re-development and marketing if there is turnover in the tenant base.

It is assumed in this section that all of the industrial and commercial sites will be leased to tenants rather than sold. This creates a special set of issues, but also creates unique opportunities. Recommendations are made on how to maximize the leasing absorption rates and associated revenues by overcoming the hurdles and enhancing the opportunities.

As much as possible, alternatives are explored with the idea that the Colville Tribes will have to make decisions on what course they want to take. For example, information obtained for this report said that the mill properties were retained in the CTEC reorganization but that CTFC is working to lease those properties. A decision will still have to be made as to whether the Colville Tribes will manage the project internally or contract for its management with a professional development firm. Recommendations are made in this report to assist the Colville Tribes in making their decision.

The Business Plan is organized into seven component parts:

- Part 1 Resolve Pre-development issues
- Part 2 Management Organization
- Part 3 Development Process
- Part 4 Financial Plan
- Part 5 Marketing Plan
- Part 6 Developer's Tool Box

- Part 7 Other Considerations: Exports and a Foreign Trade Zone

Several subjects are addressed in outline form, with checklists, to simplify the decision-making process. Specific examples are also given, when appropriate, to enable the Colville Tribes to evaluate the effects of their actions. It is hoped that this report will serve as a guide for future decisions and actions, while still retaining flexibility to adapt to changing market conditions and opportunities.

PART I – RESOLVE PRE-DEVELOPMENT ISSUES

The objective of the Omak Business and Industrial Park Master Plan is to enable the Colville Tribes to recruit and develop new businesses that will provide employment and generate revenues. That means attracting companies from outside the Reservation whose owners may be unfamiliar with Tribal laws and practices. As much as possible, that will require creating a high level of confidence through the adoption of commonly accepted ordinances and procedures.

The “Native American Lending Study – Accessing Capital & Capacity Building”, was developed by the Community Development Financial Institutions Fund, a government corporation within the U.S. Department of Treasury, in October 2002. It found that the one major barrier to capital access for business development on Reservations was “Uncertain Tribal Commercial Laws and regulations and the Absence of an Independent Judiciary”. Among the solutions proposed were:

- Establishment of a Tribal legal infrastructure for business development, including Tribal commercial codes, foreclosure regulations, permitting processes, and general regulatory frameworks.
- Development of zoning codes and land use plans, and
- Clarification of sovereignty and sovereign immunity, particularly regarding business and housing development.

A discussion of creating a UCC was an important part of the original 2005 Master Plan study. Fortunately, this has already been accomplished so those references have been removed from this update. It will still be important to identify with current and potential tenants, as well as financial institutions, if there are other barriers that need to be addressed.

Another important pre-development requirement will be for the Colville Tribes to make firm decisions on how the Master Plan will be implemented, including identifying the roles and responsibilities of those who will be accountable for that implementation. This is a step above the Management Organization discussed in Part 2 because it calls for decisions at the highest levels of Tribal governance. The steps below are recommended for getting organized and started.

- Decide to vest full operational control of the Master Plan implementation in CTEC or CTFC, rather than in a Tribal government department. That will allow decisions to respond

more directly to market and economic conditions than to external influences. That organizational framework will provide Tribal accountability but not operational oversight of the Master Plan.

- Select the one individual who will have ultimate authority and responsibility for implementing the Master Plan. Decide on the other individuals who will hold management positions, based on their qualifications, and define their specific roles and responsibilities. Ensure their freedom to make internal decisions and act quickly within the parameters that are defined.

Identifying a key person to manage the implementation of the Master Plan and giving that person authority to make decisions will be a necessary first step in launching this process. The more traditional method of management by consensus produces the risk that important decisions will not be made and schedules and timetables will be missed. The success of the Omak Business and Industrial Park should be the first and highest objective to ensure employment opportunities and income for the Colville Tribes.

The following discussion provides additional information about the Business Plan and is oriented to those chosen to manage the process.

PART II – MANAGEMENT ORGANIZATION

This part addresses the organizational aspects of the Business Plan. It includes an overview of management requirements and a suggested management structure. There may be other options available to the Colville Tribes, but this outline describes standard management procedures.

MANAGEMENT REQUIREMENTS

There are three stages of management that need to be planned once the Master Plan is approved and before any development begins:

- Management of the development
- Management of the marketing
- Management of the on-going operations

Unless it is known in advance how all three of these requirements will be met, there is the risk that the process will break down and not be successful.

Management of the Development

Approve the Master Plan

The Master Plan shows how the site can be developed. It incorporates all of the research and investigation into site topography, road access, railroad right-of-way, utilities, and site requirements of the probable market. The Master Plan needs to be approved as the development plan. Actual development can be phased, which allows for flexibility to adjust to changing conditions while reducing front-end costs. However, the development engineering cannot be done unless there is agreement on what is going to be developed.

Decide who will manage the development

There are two primary options for managing the development:

- Utilize an internal organization to manage development and construction
- Contract for this function with a professional project management firm

In either option, there needs to be a qualified person to lead the project. This person needs to have authority to make decisions quickly, within the overall framework established by CTEC/CTFC for the project.

Internal Management

To overcome the issues described above, it is recommended that CETC create a management organization specifically responsible for the development and management of the industrial park. This internal management organization should have the appearance of a private-sector development company. If companies respond to something like an “Omak Business and Industrial Park LLC”, this will overcome some of their initial reluctance to locate on Tribal property.

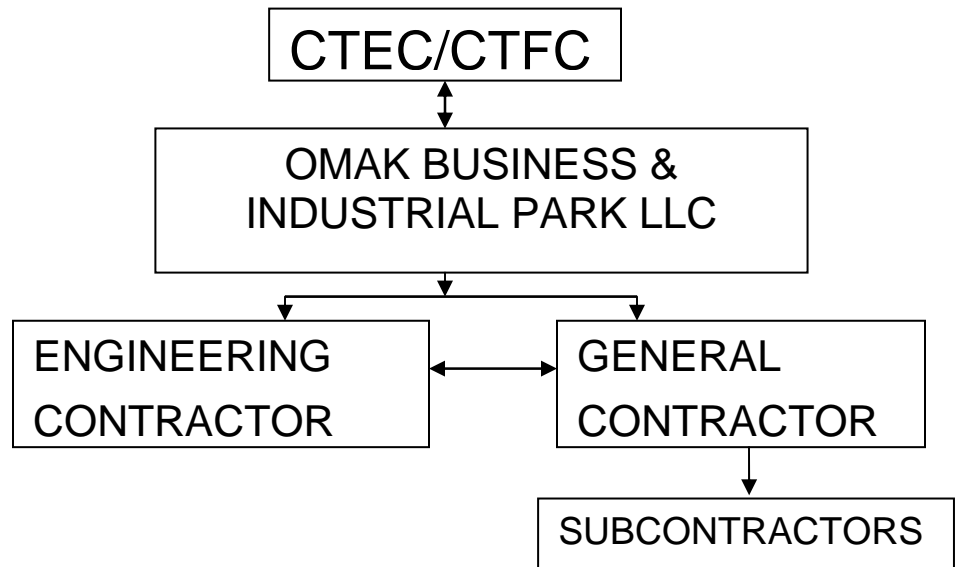
This organization needs to have responsibility for all internal management decisions that affect the development and operation of businesses locating in the industrial park. This would not supersede Tribal jurisdiction, but would make the Tribal processes invisible to the companies that are dealing with the management organization.

If the decision is made to manage the project internally, it will be critically important that an individual be named as project manager who has experience in developing and managing industrial properties. That person should not have divided responsibilities that will create conflicts of time, energy, or budget. Project management is an intensive, full-time requirement in order to protect the Colville Tribes’ investment and make sure the project meets its cost projections and time schedule while achieving its development objectives.

An experienced manager can often evaluate the differences between a wide range of alternatives that may carry substantial differences in costs. It is beneficial for the site manager to know enough about development to be able to critique the recommendations of contractors and be able to make decisions that are consistent with the project objectives. This is particularly important if the project includes the development of speculative or build-to-suit structures.

An internal project manager can develop the bid specifications, send out a Request for Proposals (RFP) to development contractors, enter into contracts with the winning bidders, and manage their work to ensure that the development objectives and cost parameters are met. However, it may be more cost-effective to have the manager hire a qualified engineering firm to perform all of these functions, even if the manager has the capabilities to do them.

A simple organization chart for this kind of structure looks like this:



There are several skills that will need to be acquired and/or developed in addition to the knowledge of development cited above:

1. Knowledge of marketing: The manager needs to be able to oversee the marketing program and make sure that it is consistent with the objectives of the project. The manager needs to control the tenant mix and not allow firms into the project that are not financially capable of meeting their lease payments or would create conflicts with other tenants.
2. Knowledge of real estate transactions: As the representative of CTEC/CTFC, the manager needs to be able to negotiate all the terms and conditions of a lease. This requires knowledge of real estate transactions. It is usually desirable to obtain professional legal services from a qualified attorney, but a knowledgeable manager can make the decisions in the negotiations that are necessary to make the sale. This responsibility includes renegotiating leases as they expire and handling problems with tenants that do not pay their rent on time.
3. Knowledge of financial management: Any real estate development project requires good financial management. Again, outside services can be used for accounts receivable and accounts payable, as well as certain other accounting requirements, but the in-house manager will need to monitor debt service schedules and other financial obligations associated with the project. This will be especially important if the project is partly funded by loans from federal, state, or other governmental agencies that have their own special repayment and

reporting requirements. It is also a common practice to qualify prospects by analyzing their balance sheets and operating statements.

4. Knowledge of maintenance operations: After the project is developed, it needs to be maintained. The in-house manager will normally be responsible for obtaining specific maintenance services such as landscaping maintenance, painting, street and sidewalk repair, trash collection and removal, snow removal in the winter, etc. While tenants do these things for their individual sites, the project manager must continue to provide them for the common areas as well as any lots that are not yet leased and built out.
5. Knowledge of interpersonal skills: A multi-tenant industrial site will usually have a tenant association that takes over maintenance responsibilities once a certain percentage of the sites are occupied, usually fifty percent. The in-house manager needs to be able to work with both the individual tenants and the association to handle various matters that arise during the term of the project. Good tenant relations are an important asset in marketing the project to others, so the in-house manager needs good interpersonal skills. This will be true even if CTEC/CTFC decides not to form a tenant association and provides all of the maintenance tasks itself.

In addition, the manager of the project is usually the one who represents it to the community. This may involve making presentations to local government officials, giving speeches to local chambers of commerce or economic development organizations, and being able to organize the support of people who can help to make the project successful.

CTEC has the advantage of operating several independent business enterprises so it knows the issues involved in selecting or developing management skills. The outline suggested above should help to reinforce what is already known and help in the decision-making process.

External Management

The alternative structure is to hire a project manager, either as an employee or as an independent contractor, and then use the engineering firm as a consultant to manage the other contractors and oversee the project. This has the advantage of not requiring that all of the expertise be retained in-house. However, it does require strong confidence in the capabilities of the contracted manager.

This is a common structure used by community economic development organizations and other non-profit groups that do not have in-house expertise in land development. They retain the services of a qualified engineering firm to do the preliminary engineering work, develop cost estimates, prepare the construction drawings, prepare the bid documents and RFP, and solicit bids for the project. The engineering firm then acts as an advisor to the owner, which signs the construction contract with the general contractor. The general contractor, in turn, hires the subcontractors in their various specialties to do the site surveying, grading, road work, utility

construction, and other components of the project. Invoices are normally passed through the engineering firm to the owner with documentation that the work has been done to its satisfaction and in accordance with the project specifications. The owner then pays those invoices.

As noted, a variation of this structure would be to hire a project management firm that would contract with the engineering company and all other contractors. This can be cost effective if the costs of services of that firm would be comparable to the administrative and management charges of the engineering/management company arrangement. It may also be a way to obtain the needed expertise if an engineering firm cannot be retained that will also provide project management through the period of development.

If an outside contractor is used to manage the development, either an engineering firm or a project management firm, there needs to be close interaction between that firm and CTEC in order to build in-house experience. At some point, the project will be built-out and on-going management will be internalized. It will be an advantage to have someone within the CTEC organization be able to smoothly transition to overall management of the industrial park at that point.

PART III – DEVELOPMENT PROCESS

Three steps in the development process are outlined here:

1. Development planning
2. Site development
3. Building construction

The third bullet is included in case the Colville Tribes want to construct build-to-suit facilities that can be sold or leased to tenants as an added incentive to attract companies to the industrial park.

DEVELOPMENT PLANNING

The development planning for the Omak Business and Industrial Park has already been addressed by the creation of the Master Plan. Among the detailed investigations and documentations provided to the Colville Tribes in the Master Plan are:

- Topographic survey of the site
- Soils and foundation conditions
- Lot layout plan
- Street system plan
- Highway 97 and Highway 155 access plans
- Rail access options
- Utility capacities, off-site and on-site requirements to serve the site

- Drainage issues
- Environmental issues

In most private industrial projects, this information is used to draft a subdivision plan and have it approved by the appropriate regulatory agency. This approval normally carries a set of “findings” or “Record of Decision” that imposes conditions on the project that will have to be met to obtain subsequent building permits. These are usually consistent with the applicable provisions of the Comprehensive Plan and Zoning Ordinance, but may be more restrictive if it is felt that special conditions apply.

Because this project is on tribal land, there may be questions about jurisdictional authority. Any such regulatory issues need to be evaluated and resolved prior to proceeding with development.

The next step is to use the Master Plan as the base document for more detailed engineering work, including drafting the construction specifications. These are normally prepared by a qualified civil engineering firm, as noted above.

An example of the work that the engineering firm will provide is shown below, taken from an actual contract for services for the planning of a 31-acre industrial park:

- Research
 - Meet with owner to review Master Plan and development objectives
 - Obtain record survey data from County Surveyor
 - Solicit as-built cable & utility data from providing companies
 - Coordinate buried utility locates
 - Review site in the field, inventory and photograph key features
 - Review title report provided by owner
- Surveying, mapping, & plat preparation
 - Review record survey data and compile project work map
 - Utilize GPS to tie monuments & establish a control point network
 - Perform field topographic design surveys on roadways
 - Subject road lengths
 - Subject area
 - Three line profiles with shots at 50-foot intervals
 - Locate marked or evident utilities (i.e., poles, guys, pedestals).
 - Tie locations of structures (i.e., vaults, culverts, wells, etc.).

- Reduce field survey data & compile project base map & DTM
- Prepare a subdivision plat
- Monument the new and missing property corners
- Secure the required plat signatures and facilitate recording
- Prepare legal descriptions and exhibits for requires easements
- Construction document preparation
 - Review research and survey findings with the owner
 - Prepare the following bidding & construction drawings
 - Cover sheet with vicinity map, acknowledgments, & notes
 - Overall site plan and index map (1" = 200')
 - Road & utility plan and profiles (4 sheets @ 1" = 40')
 - Miscellaneous construction details (2 sheets)
 - Review drawings @ the 75% and 100% complete points with:
 - Owner
 - County road engineer
 - City sewer engineer
 - City water engineer
 - Submit sewer plans for regulatory review
 - Measure quantities and prepare a construction cost estimate
 - Prepare bidding and contract forms
 - Prepare general conditions & supplemental technical specifications
 - Publish thirty (30) bid document sets
- Billing period services
 - Prepare an advertisement for bids and distribute to publishers
 - Coordinate & attend an on-site pre-bid conference
 - Prepare addenda as needed to clarify the construction scope
 - Conduct a bid opening at a location to be arranged
 - Assist in review of bids and prepare an award recommendation
 - Prepare a Notice of Award and instructions to the apparent low bidder

Some of these steps may not be required for the Omak Business and Industrial Park, while other steps may have to be added. There may also be some services that the Colville Tribes could perform in-house. In any case, the development planning stage performs all of the work necessary to actually issue a construction contract.

SITE DEVELOPMENT

The development of the site is normally managed by the construction contractor, with routine oversight by the owner either through a designated manager or by a board. A qualified contractor will hire the subcontractors, oversee their work, and file written documentation that the work has been performed to specifications. Invoices are normally submitted monthly and prompt payment is required to ensure that there are no breaks or slowdowns in the process. The Colville Tribes should be aware that a general contractor may require payments in advance of work at the Omak Business and Industrial Park because Tribal sovereignty precludes the use of construction liens to ensure future payment.

Some Tribal organizations have their own construction companies and/or construction management companies to perform this kind of work. In Alaska, there are several Native Corporations that specialize in construction and construction management all over the world. For example, the Chugach Native Corporation oversees the construction and management of military facilities for the US Department of Defense. The Colville Tribes may want to explore developing this capability and providing these kinds of services outside the Reservation, as well as handling their own construction projects.

- Construction period services
 - Coordinate and attend a pre-construction conference
 - Review bonds, insurance, and other requirement submittals
 - Coordinate & document monthly construction conferences
 - Provide construction staking & observe construction progress
 - Offset stakes set at ROW line on 50-foot intervals
 - Centerline subgrade hubs at 50-foot intervals
 - Centerline top of rock hubs at 50-foot intervals
 - Utility & drainage structures (MHs, FHs, vaults, etc.)
 - Perform daily sewer construction observations & file reports
 - Coordinate utility trench backfill compaction & materials testing
 - Maintain records of the construction staking & test results
 - Respond to clarification requests
 - Review/initiate & process change order requests and proposals

- Maintain as-constructed drawings
- Review progress payment requests submitted by the contractor
- Complete BOLI Notice of Award form & review payroll certificates
- Prepare completion punch list and confirm compliance
- Post construction services
 - Prepare record drawings on mylar for archives (7 sheets)

Using a civil engineering firm in this construction management capacity will relieve the Colville Tribes of having to manage this complex process. It will ensure that the work will be performed to specifications and that the final product is in conformance with the Master Plan. The primary management requirements for the Colville Tribes will be contracting with the engineering firm, contracting with the general contractor who will be responsible for doing the work, and paying the bills as the completed work is documented.

BUILDING CONSTRUCTION

This essentially completes the requirements for managing the development process, unless the Colville Tribes decide to go into the management of building construction. This would be done in order to offer build-to-suit construction capabilities and turn-key leases that combine both the land and the building space under a single lease. This would be attractive for companies that want to lease their space instead of having to construct owned buildings on leased land. It allows them to preserve their capital and invest it in their operations instead of in real estate.

The requirements for managing building construction are similar to those for land development. An architectural firm will provide all of the services described above similar to those of a civil engineering firm. Fees for the architect are normally wrapped into the construction financing so there may be no up-front capital cost. Most architects will oversee the actual construction, delivering the final product to the Colville Tribes according to the tenant specifications. The costs of the building are generally amortized over the period of financing, while the specific tenant improvements (TIs) are amortized over the period of the lease. These terms are flexible according to the length of the lease period.

In summary, managing the development process will not impose a significant burden on the Colville Tribes if outside professional expertise is hired to do this job. If the job is done in-house, then the Colville Tribes will need to hire a management staff with all the technical experience to do the tasks described above. As cited earlier, there needs to be close interaction between the contractors and the Tribal managers in order to build the experience and knowledge that will be needed for the on-going management of the industrial park.

PART IV – FINANCIAL PLAN

A financial plan needs to be developed that will ensure adequate funding for the project, including:

- Internal management costs
- Pre-development planning costs
- Development costs
- Marketing costs
- Maintenance and operations costs

If it is decided to construct build-to-suit buildings for tenants, those will also have to be financed.

The financial plan contains three required components:

1. Identify and measure the financing requirements
2. Schedule the financing requirements to show the timing of when the funds will be needed
3. Identify and secure the funding commitments with disbursements timed to match the requirements

INTERNAL MANAGEMENT COSTS

It has been recommended that the management strategy include having at least one person in charge of the project who understands the development process. If it is decided not to use the services of a project management firm, then this internal capability may have to be expanded to include several people with specific skills and experience. The salary, burden, and overhead expenses of that person (or persons) need to be budgeted to assure adequate resources to do the job.

The Colville Tribes (or CTEC/CTFC) will need to make a decision on the management structure before these costs can be estimated. It may be possible to move an existing employee into this management position and keep costs relatively low. If that is an option, then an existing budget may be transferred through a simple accounting procedure to assign costs to the project instead of some other purpose.

The recommended option is for CTEC/CTFC to set up an independent development company to manage the Omak Business and Industrial Park. In that case, the budget for the project will be a net addition to the existing budgets. The dollar amounts will depend on how many people are hired, their salary levels, and their operating requirements that need to be funded.

No estimates are made here as to what those costs might be. It is assumed that they will be internalized within Tribal budgets, but it might also be possible to attach them as a revenue requirement to the overall project budget and fund them separately out of the financing cash flows.

PRE-DEVELOPMENT PLANNING COSTS

The outline shown above for pre-development planning had a price quote of \$37,940. That was for a 31-acre project, but it is not expected that the larger size of the Omak Business and Industrial Park will increase those costs by more than about 30%. A total budget of \$50,000 should be sufficient to pay for the services of a civil engineering firm to manage this part of the project.

SITE DEVELOPMENT COSTS

Fees to provide construction management services described above by a civil engineer were quoted at \$28,530 for the 31-acre industrial park. The post-construction services were quoted at \$935, bringing the total to \$29,465. Adding another 30% for the larger size of the Omak Business and Industrial Park would bring this figure to about \$40,000.

Costs for developing the site according to the Master Plan are being provided by other consultants on this project. For that reason, no cost estimates are provided in this section of the report. Whatever those costs are, they need to be funded in a way that allows progress payments to be made to the general contractor and the sub-contractors in a timely manner. This is usually arranged through construction financing, which is replaced at the end of the construction period by permanent or “take out” financing.

Depending on what financial structure is used, there will typically be interest charges that represent the costs of money. The interest charges are also wrapped into the amount of the construction financing that is arranged (debt or equity), so that the drawdown requirement includes the financing costs as well as the payments to the engineers and other contractors.

MARKETING COSTS

Costs of marketing need to be built into the financial plan. A sample budget for a marketing program is included later in this section, but there are some other marketing costs that need to be considered. For example, if marketing support is going to be sought from commercial real estate brokers, it will be necessary to factor in a commission rate. A typical commission rate might be 5% of the gross lease revenues each year over the first five years of the lease. Those could be adjusted to a sliding scale, with 5% for the first three years, 3% for the next two years, and 1% for the next five years on a 10-year lease. An exclusive listing with a qualified industrial real estate broker will require provisions for sharing commissions with other brokers that secure tenants for the industrial park. Whatever structure is established, those costs need to be included in the financial planning.

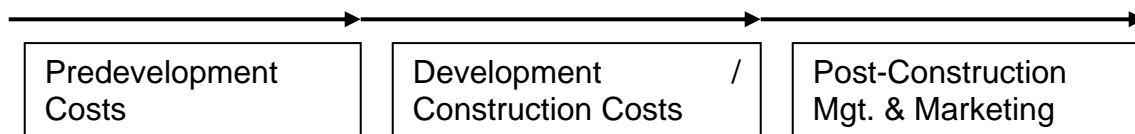
There is also an issue of incentives if these are required. In many competitive commercial business parks, it is not uncommon for the owner to offer a period of “free rent” tied to the term of the lease. A five-year lease might be written with anywhere from six months to one year of free rent. The actual cash flow from the lease will be smaller than the pro forma cash flow projections, so that has to be written off as marketing costs.

MAINTENANCE AND OPERATIONS COSTS

Costs also need to be budgeted for on-going maintenance, repair, and administration. These include the costs of common area maintenance, street cleaning (sweeping and snow removal), landscape maintenance, and any other charges not directly billed to tenants through their leases. There will also have to be on-going management costs to respond to the needs of tenants, re-negotiate leases as they expire, and handle other regular operations.

These costs are not estimated in this report. The Colville Tribes' experience in on-going management of other commercial and industrial operations should provide guidelines for developing the budget.

When all the costs are quantified, they can be put into a cash flow chart with estimates of when those costs will occur. This is a straightforward process that can usually be provided by a project manager or a construction management company such as a civil engineering firm. The Colville Tribes may have this capability in-house already.



SOURCES OF FINANCING

As noted above, it will be important to identify the sources of funding for this project in a way that ensures adequate cash flows to cover the development and construction costs as they occur. Advance payments may need to be made to the contractors because of their inability to secure payments through liens against the property.

Funding for industrial parks usually comes from two sources: Debt and equity. There are standard formulas for determining how much debt can be secured for a real estate project, with the balance having to come from equity of the builder or from investors. These formulas rely on projections of net operating revenues to determine how much debt service can be covered, with the balance of costs required from equity. The Colville Tribes also have access to certain grant opportunities that can replace some of the debt, equity, or both.

State Funding Programs

The Rural Community Assistance Corporation published a document in September 1999 titled Infrastructure Financing for Small Communities in Washington State. This is described as “a reference book and workbook to help decision-makers in small communities understand, evaluate and select the best financing options for their infrastructure needs”. It was funded by the Washington State Department of Community, Trade and Economic Development (CTED). Although it is now five years old, most of the programs described in this document are still available.

There is also a Summary of Government Grant Programs for Infrastructure Improvements which list similar categories, except that the maximum grant amount is given and there is no column for terms/interest. Again, tribes are listed as eligible applicants for many of these programs.

Washington's Community Economic Revitalization Board provides an infrastructure grant application form on-line that can be used for both loan and grant applications. For further information on the CERB program, go to www.oted.wa.gov/ed/cea/cerb or contact:

Kate Engle Rothschild, CERB Program Manager
Washington State Department of Community, Trade and Economic
Development
(360) 725-4058 or e-mail at KateR@cted.wa.gov

Federal Funding Programs

Most of the federal programs for funding Tribal infrastructure and other development are administered by the several individual agencies that sponsor those programs in general. Agencies such as the USDA Rural Utilities Service, the Environmental Protection Agency, and the Economic Development Administration have special programs targeted specifically to Colville Tribes as part of their rural development assistance efforts.

A complete list of these federal programs can be accessed over the Internet at: <http://www.nal.usda.gov/ric/ricpubs/funding/federalfund/fedcont.htm>

It is expected that the Colville Tribes already have access to information on the various sources of federal funding as they have successfully obtained US Economic Development Administration grants. It is beyond the scope of this report to provide detailed descriptions of all the federal programs that are available, other than to note that they present opportunities to fund this project and reduce the Colville Tribes' equity requirement

FEASIBILITY STUDY

In order to obtain funding from any source, it is probable that the Colville Tribes will have to perform a feasibility study to show that the project will be financially viable as well as providing on-going employment for the Colville Tribes and for the community. The feasibility study uses the schedule of costs developed above and overlays it with a schedule of revenues. An all-cash analysis based on 100% equity funding shows whether or not the project can be profitable without debt service.

PART V – MARKETING PLAN

The following steps are recommended as an outline of a marketing plan:

1. Determine who will market the properties; create a management plan for the initial and on-going processes.

It is very important to decide *how* this process will be managed so that specific tasks can be assigned, given schedules and budgets, and

implemented. There are several alternative ways of doing this. Many industrial parks have their own in-house staff that manages real estate development and leasing. The Colville Tribes may be able to do this without having to hire outside assistance. If this is not practical, then one alternative is to solicit marketing proposals from qualified real estate brokers to bring prospects to the Colville Tribes for negotiation of leases.

2. Develop a budget for the marketing component. The budget needs to be adequate to complete all of the tasks described below.
3. Adapt the comprehensive development plan into a marketing piece; create schematics, rendering of buildings; oblique aerials with drawings of completed projects; other “visual” graphics that will be used to convert the development plan into a marketing resource. Show proposed phases of development, as necessary.
4. Decide what “products” the industrial park will offer to prospective tenants. In addition to ground leases, this may include turn-key construction of build-to-suit facilities, and/or financing. It has been estimated that as much as 85% of the market prefers to either own its land and building, or lease space in a building that someone else owns, with only 15% willing to construct their own building on a ground lease.
5. Prepare internal operating documents, such as lease forms. These will require policy decisions on such matters as the lease rates and terms of leases. There will also need to be consistent zoning ordinances and CC&Rs to control uses and operations within the various areas of the industrial park. Performance standards are sometimes better than fixed requirements.
6. Begin marketing the concept before development begins to start securing pre-lease commitments. Companies or agencies that will be making lease decisions within the next two years need to know about the Omak Business and Industrial Park before they make commitments to other properties.
7. Initiate development by focusing on creating an attractive entrance to the Omak Business and Industrial Park and removing any blight or other conditions that might detract from its appearance.
8. Develop and implement a plan for on-site signage and promotions. Business travelers using Highway 97 will be exposed to the site as it is being developed. A signage plan needs to be developed to promote the project through signage strategically placed to be visible from both directions on Highway 97. That signage needs to include contact information.
9. Involve the local real estate brokerage community. The only way to do this is by offering lease commissions. A typical commission rate on raw land is 5% of the lease rate for a period of three-to-five years to the

broker who represents the buyer. If the Colville Tribes decide to use a seller's broker, then that same rate would be paid to that broker as well.

10. Develop a promotional plan that includes production of flyers, brochures, direct mail promotions and other forms of marketing. The best way to do this is through consultation with a professional public relations and advertising firm. This needs to be a consistent, on-going effort because company location decisions typically take anywhere from one to three years from when they are initiated. A one-time shot in the real estate business is typically a waste of time and money.

An example of a promotional plan for a developer of a large industrial park in the Seattle area includes the following elements:

Brochures, sales materials	\$ 9,000
Advertising, direct mail	\$11,200
Telemarketing	\$ 9,000
Travel, trade shows	\$10,000
Hosting local visits	<u>\$ 6,000</u>
Total Annual Budget	\$45,200

The way these dollars are spent is shown in the table below:

Month	Advertise	Direct Mail	Telemarket	Travel/Shows	Local Visits
January		200	500	750	200
February		250	500	500	1,000
March	2,500		500	1,500	300
April		750	1,500	500	500
May		250	500	1,000	200
June		250	500	500	1,000
July	2,500		500	1,500	300
August		750	1,500	500	500
September		250	500	1,000	200
October		250	500	500	1,000
November	2,500		500	1,500	300
December		750	1,500	250	500

The rationale behind this schedule is that the advertising and trade shows produce the largest number of inquiries from prospects, which then causes the need for telemarketing and hosting local visits during the following month.

It is assumed that this schedule is too ambitious for the Colville Tribes, but the concept can be used to develop a more appropriate budget containing these same elements.

1. Advertising

Advertising is primarily useful for creating an awareness of the property in selected markets. These can be geographic markets by using general publications in those areas, or industry markets by using trade publications. It rarely produces serious prospects, but may begin the process of encouraging companies to initiate a contact.

2. Direct mail campaigns

Direct mail is one of the most common techniques of marketing, especially to follow up on a target industry analysis. When specific companies have been identified, they are usually contracted first by direct mail.

3. Telemarketing

Many industrial park developers, and all real estate brokers, use the telephone for their marketing. Direct mail campaigns should always be followed up with telephone contacts to make sure the information was received and to qualify any interest that it generated. In one marketing campaign, a 3% positive response from a direct mail program was increased to 15% when telephone calls were made to the company executives.

4. Trade shows / trade missions

State economic development agencies often attend trade shows and sponsor trade missions, inviting local development agencies to participate with them. Each opportunity has to be evaluated carefully to determine whether the potential benefits outweigh the costs.

5. Hosting local visits

Any marketing program has to have a response system, i.e., a plan for following up on a contact that expresses an interest in looking at the property. One way to do this is to invite the prospect to visit the site and the community. It is not uncommon to host such a visit as an inducement to get the prospect to make the trip.

As an alternative to this kind of marketing program, the Colville Tribes could contribute funding to the Economic Alliance which could then develop this kind of program and budget to represent all of Okanogan County. It will be imperative to establish a strong marketing connection with the Alliance and let them actively promote the Omak Business and Industrial Park. In addition to being the marketing agency for Okanogan County, they also have the established relationships with the state and federal economic development agencies in Washington and the region. The Colville Tribes should leverage this resource as much as possible, making sure that it is provided with promotional materials for the site.

There is a shift in economic development marketing to the Internet, so the industrial park needs to have its own web site that is linked to the Alliance's site and other appropriate locations.

The purpose of marketing is to attract the interest of qualified tenants. However, actually locating those tenants at the Omak Business and Industrial Park will require closing the "sale". This means that the Colville Tribes need to have all of the tools prepared in advance to show prospective firms what terms and conditions apply to the industrial park. This is sometimes called the "developer's tool box".

PART VI – DEVELOPER’S TOOL BOX

INCENTIVE PACKAGE

An important aid in marketing the Omak Business and Industrial Park will be a package of incentives that make OIP more attractive to companies and reduce the costs of doing business there. There are several incentives available on Indian Reservations that are not generally available at off-Reservation sites. Information on several of these was provided during the interview with Tom Henderson.

The Native American Omnibus Act of 2002 included many urgently needed provisions that provide improvements throughout Indian Country on issues including economic development, land, water, leasing, judgment fund distributions, waivers of loan repayments, health care, and the reauthorization of several important Native American programs. Among these were provisions for tax credits for hiring Tribal members, creation of HUB zones which gave all Tribal members minority/disadvantaged status for contract preferences, and gave a 35% preference for bidding on Federal contracts. It also provides preference for SBA loans, addresses bonding issues, and includes a provision for a waiver of sovereign immunity to facilitate development of Uniform Commercial Codes.

In addition to this Act, other incentives may include low (or no) property taxes, low (or no) business license fees, and several provisions for accelerated depreciation. Standard IRS deductions for depreciation may be doubled for businesses locating on a Reservation.

Any incentives that can be offered to companies by the Colville Tribes need to be fully defined and put into writing. These can be offered as part of the marketing program, or they can be held used as bargaining tools during negotiations to close the sale.

GROUND LEASES

Because the Colville Tribes will be leasing sites to tenants instead of selling them, there needs to be a lease agreement drafted that represents both the interests of the Colville Tribes as well as those of the tenants. In addition, the lease agreement has to meet the needs of lenders so that the tenants can finance the construction of their buildings.

Leases are legal documents that should be created by a qualified attorney. They can be very complex, attempting to cover every contingency, or they can be relatively simple. The following information is provided as a general guide to the provisions that should be included in a lease.

1. Identify the parties to the lease (lessor and lessee).
2. Describe the property that is being leased.
3. Specify the beginning and termination dates.

4. Describe any construction or other work to be performed by the owner (landlord) prior to the commencement of the lease, including the conditions for the tenant's satisfaction.
5. Specify the intended and/or allowable uses.
6. Define the rental terms: Amount of rent, when it is to be paid, how it is to be paid, to whom it is to be paid, etc. Include any formulas for periodic increases.
7. Specify who pays any taxes, whether tax deposits are required, whether tenant can challenge taxes.
8. Specify what insurance coverage is required and who pays it. What limits are required?
9. Specify who is responsible for damages caused by floods, landslides, or other natural disasters. How are insurance proceeds to be used?
10. Provide for termination of lease in case of damage or other causes that prevent continued use of the site. Provide formula for pro-ration of rents paid.
11. Specify how the property is to be maintained and who is responsible for the costs.
12. Can the tenant assign or sublease without the owner's consent?
13. Does the lease remain in effect if the lessee sells its business to another firm?
14. Who pays for the utilities?
15. What are the obligations of the tenant and the owner to indemnify each other?
16. Provide for the owner's rights to inspect the property to ensure compliance with the CC&Rs.
17. Give the tenant the right to "quiet enjoyment".
18. Provide for condition of premises at the end of the lease term, transfer of ownership of buildings, removal of any appurtenances, etc.
19. Provide the owner's remedies in the event of various defaults by the lessee.
20. What financial statements are required from the tenant, who prepares them, are they required to be updated?
21. Is the lease to be recorded?

22. Who pays brokerage commissions, when are they due, to whom are they to be paid? Provide for the tenant to protect the landlord from other claimants.
23. In case of dispute, who pays the attorney's fees?
24. What kind of signs can the tenant erect and where?
25. Will the tenant have an option to extend the lease, and if so, on what terms.
26. Will there be a security deposit, and, if so, how much? Can it be applied to the last month's rent? Will it earn interest?

Other items can be included as required. National companies with multiple facilities often have their own lease forms and may be relatively inflexible in changing them to suit the interests of the owners. Whatever form is used, the final lease agreement should always be reviewed by an attorney to make sure it fairly represents the interest of both parties. This is especially true for the Colville Tribes because of sovereignty issues and special conditions that apply to Trust lands.

Conditions, covenants, and restrictions (CC&Rs)

The other major document that needs to be created in advance of site development and marketing is the set of CC&Rs that will apply to the sites. Following is an abbreviated list of the items that need to be written into the CC&Rs:

1. Control of nuisances: Under controlled conditions, most products can be processed without adversely affecting nearby occupants. However, certain kinds of operations may have effects that would be considered nuisances by their neighbors. These may include noise, smoke, light, odor, vibrations, heat, or industrial waste. Performance standards are imposed to control measurable external nuisances, usually measured at the property line. This may mean that a firm can operate within the industrial park even if it produces these effects, but it has to acquire enough property to confine them to its own site.
2. Use of the land: The most common limitation on the use of the land in industrial sites is the prohibition of residences (except for security). Commercial uses may also be restricted. Mixed uses may be permitted to include wholesale activities or even limited retail if it is provided as an adjunct to a manufacturing or warehousing operation. In a large industrial tract, certain areas may be set aside for service businesses that provide support for the industries and their employees within the tract.
3. Outside storage: Outside storage is usually prohibited in tightly controlled industrial parks but allowed in general industrial areas. Where it is allowed, it is usually controlled by a requirement for effective screening. There may also be height limits, requirements that it be behind buildings rather than along the sides, and limits on the

kinds of products that can be stored outside. Any storage of hazardous or toxic materials also has to be controlled.

4. Site coverage: Coverage of sites by buildings is usually limited to a maximum allowable range of 30 – 70 percent, with 50 percent being a common average. In a general-use industrial area, site coverage limits below 50 percent may discourage companies from locating there. As site coverage increases beyond that level, conflicts may arise with off-street parking requirements, outside storage allowances, and other uses of the land outside of the buildings.
5. Building lines and setbacks: Building coverage usually is limited to areas of the site that are inside the setback lines. In many cases, these setback areas are also used for utility easements and emergency equipment access. Setbacks can be used to enforce the site coverage requirements, to provide areas for landscaping and off-street parking, and to facilitate the distinctive identification of individual companies.
6. Building construction and design: Many industrial areas control the kinds of building materials that can be used, such as requiring concrete tilt-up or block construction, and/or restricting the construction of metal buildings. Some of them also control the design standards to assure the integrity of the area. Tenant associations in larger industrial districts usually have design review committees that have to approve building plans before construction.
7. Sign controls: It is important that companies within the industrial area be easily found and identified, so good signage within the area and on individual buildings must be provided. However, most industrial areas limit the types, locations and sizes of signs.
8. Off-street parking and loading: Some of the most frequent problems that occur in industrial areas are concerned with car and truck parking and loading. Curb-side parking requires substantially wider streets, and even then can cause congestion and conflicts with traffic flows. Off-street parking is required in virtually every industrial development.

The amount of off-street parking required is generally determined by employment and visitor traffic, rather than type of use. A warehouse, for example, may have relatively few employees and visitors and therefore needs fewer parking spaces than an assembly operation that is labor-intensive. However, the warehouse may require more space for truck maneuvering and parking. In older industrial districts, it is not uncommon for trucks to extend into the streets while they are loading and unloading. This is the kind of problem that needs to be controlled by deed restrictions or building design specifications.

9. Landscaping: Most industrial areas require some form of landscaping to improve their appearance. When the minimum requirements are met, they have to be maintained by the tenant. If they are not, the covenants

allow the developer to maintain the landscaping and bill the costs to the tenant.

10. Other provisions: Any number of other restrictions can be imposed, depending on the character of the area and the interests of the developer. One common restriction is to require construction within a certain period of time after the site is acquired in order to avoid having vacant lots throughout the project. There may even be a provision by which the developer can cancel the lease and take back the property if construction does not take place within the specified time period.

The lease document and the CC&Rs are essential tools for putting tenants into the industrial park. With a good quality of development and an effective marketing program, these tools will help the Colville Tribes to “make the sale”.

This completes the Business Plan section of this report. A more detailed plan can be drafted when the decisions are made about the management organizational structure, how the development will be financed, and how the property will be marketed. It is strongly recommended that these decisions be made before development begins. Assistance in creating a more detailed Business Plan is available from the Economic Alliance, the Wenatchee Valley College, and other resources in the area.

PART VII – OTHER CONSIDERATIONS: EXPORTS A FOREIGN TRADE ZONE

During the preparation of this update, it was learned that the Colville Tribes are interested in export products and may want to investigate establishing a Foreign Trade Zone (FTZ). It was noted earlier in this report that certain foreign markets are experiencing significantly faster rates of economic growth than the U.S. market and that many American companies are benefiting from the relatively low valuation of the U.S. dollar to export their products to foreign countries, especially in Asia. The Warm Springs Tribes in Oregon, for example, have adopted this strategy for the output of their forest products plant, supplying cut timber for reconstruction of homes and other structures destroyed by the earthquake and tsunami in Japan.

Canada is America’s largest trading partner and Omak is conveniently located less than 50 miles from the Canadian border. In 2010, companies in the United States exported almost \$250 billion worth of products and services to Canada out of a total export volume of more than \$1.8 trillion. That year they imported almost \$278 billion of products and services from Canada out of a total import volume of more than \$2.3 trillion.

Canada is also Washington State’s largest trading partner although China is a close second. In 2010, Washington’s exports to Canada were \$6.977 billion while imports were \$13.543 billion for a total of \$20.520 billion. For comparison, Washington’s exports to China were \$10.303 billion in 2010 while imports were \$9.759 billion for a total volume of \$20.062 billion.

According to the Canadian government, about 174,000 jobs in Washington State are dependent on trade with Canada. They list the following products as the top exports from Washington State into Canada in 2009 along with the top imports from Canada to Washington State that year.

Top Exports

- Aircraft: \$1 billion
- Fuel oil: \$649 million
- Fish & seafood: \$225 million
- Paper & paperboard: \$198 million
- Containers: \$126 million
- Aircraft parts, except engines: \$110 million
- Coffee: \$89 million
- Steel bars & rods: \$80 million
- Ships, boats & parts, except engines: \$68 million
- Aluminum, including alloys: \$65 million

Top Imports

- Natural gas: \$3.6 billion
- Crude petroleum: \$2.6 billion
- Aircraft parts, except engines: \$663 million
- Live animals: \$359 million
- Petroleum & coal products: \$294 million
- Aircraft: \$281 million
- Scrap iron & steel: \$198 million
- Softwood lumber: \$145 million
- Vegetables: \$125 million
- Fertilizers: \$123 million

A detailed list of opportunities for the Colville Tribes to engage in foreign trade is beyond the scope of this report. It is simply being noted here that the proximity of Omak to the Canadian border provides a unique opportunity to develop trading relationships for companies located in the Omak Business and Industrial Park.

That raises the question of whether the Colville Tribes would benefit from the creation and operation of an FTZ at the Omak Business and Industrial Park. In terms of trade with Canada and Mexico the answer appears to be “no” because the same advantages apply to both countries through the North American Free Trade Agreement (NAFTA). Research into this subject has verified that the

deferral and/or exclusion of tariffs and customs duties cannot be duplicated with an FTZ.

For trade with other countries, however, an FTZ could offer advantages. There are 13 FTZs in the State of Washington and two of them are owned by Native American tribes. The contact information below is provided for the CTEC to follow up with those tribes to determine whether they consider the FTZ to be a useful economic development resource.

FTZ No. 212 Tacoma

Grantee: Puyallup Tribal Foreign-Trade Zone Corp., 1850 Alexander Avenue
Tacoma, WA 98421

John Bell (253) 573-7871

Fax (253) 272-9514

FTZ No. 128 Whatcom County

Grantee: Lummi Indian Business Council
2616 Kwina, Bellingham, WA 98226

Marc Taylor (360) 384-2395

Fax (360) 384-5521

For more general information about FTZs, the following information is provided by the Trade Information Center (TIC) about Foreign Trade Zones.

What is a Foreign Trade Zone?

Foreign Trade Zones (FTZs) were created to provide special customs procedures to U.S. plants engaged in international trade-related activities. Duty-free treatment is accorded items that are processed in FTZs and then re-exported, and duty payment is deferred on items until they are brought out of the FTZ for sale in the U.S. market. This helps to offset customs advantages available to overseas producers who compete with domestic industry. The Foreign-Trade Zones (FTZ) Board (composed of representatives from the U.S. Departments of Commerce and Treasury) has its operational staff in the International Trade Administration's Import Administration.

How can companies benefit from using FTZs?

FTZs are considered to be outside of U.S. Customs Territory for the purpose of customs duty payment. Therefore, goods entering FTZs are not subject to customs tariffs until the goods leave the zone and are formally entered into U.S. Customs Territory. Merchandise that is shipped to foreign countries from FTZs is exempt from duty payments. This provision is especially useful to firms that import components in order to manufacture finished products for export.

There is no time limit on goods stored inside a FTZ and certain foreign and domestic merchandise held in FTZs may be exempted from state and local inventory taxes. This allows firms to minimize their costs while their products are waiting to be shipped. In addition, quota restrictions are in some cases waived for items entering an FTZ; however, the restrictions would apply if the items were to enter the U.S. market.

A variety of activities can be conducted in a zone, including assembling, packaging, destroying, storing, cleaning, exhibiting, re-packing, distributing, sorting, grading, testing, labeling, repairing, combining with foreign or domestic content, or processing. Manufacturing and processing require specific FTZ Board approval, however.

Can Foreign Trade Zones hurt domestic producers?

FTZ activity must not conflict with U.S. trade policy or harm domestic industry or other domestic plants outside of zones. The FTZ Board requires that zone manufacturing activity result in a significant public benefit and a net positive economic effect. In addition, the U.S. Customs Service supervises all zone activity and ensures that all customs and FTZ Board requirements are observed.

What are the different types of FTZs?

FTZs are divided into general-purpose zones and subzones. The Foreign-Trade Zones Board accepts and reviews applications for both. State or local governments, port authorities, nonprofit organizations, or economic development agencies typically sponsor general-purpose zones. General-purpose zones involve public facilities that can be used by more than one firm, and are most commonly ports or industrial parks used by small to medium sized businesses for warehousing/distribution and some processing/assembly. Subzones, on the other hand, are sponsored by general-purpose zones, but typically involve a single firm's site which is used for more extensive manufacturing/processing or warehousing/distribution that cannot easily be accomplished in a general-purpose zone.

How can I locate a FTZ near me and who do I contact to begin doing business with it?

In order to take advantage of FTZ procedures, you should contact a local FTZ. A geographic list of all FTZs and their telephone numbers is available on the FTZ Board website, <http://ia.ita.doc.gov/ftzpage/>. Each FTZ has its own requirements for firms that wish to do business with them, but there is a general process that is followed by all. Many FTZs will counsel prospective clients to determine how they can best use the FTZ. Additionally, many FTZs will discuss with their local U.S. Customs Service offices the qualifications of the prospective clients for the zone. If you are interested in finding out more information on zones, you may contact the nearest zone in your state, visit the FTZ website, or call the FTZ staff at 202-482-2862.

One disadvantage of an FTZ needs to be noted: The facility in which it is located is required to be completely secured and dedicated to operation of the Zone. It cannot be used as a general purpose industrial building. That makes the building unavailable for lease to companies that need space but are not involved in the FTZ process.


MAPS



Map 1
Omak Industrial Park
Aerial Overview
Omak Industrial Park
Omak, Washington
Confederated Tribes of the
Colville Reservation

DRAFT

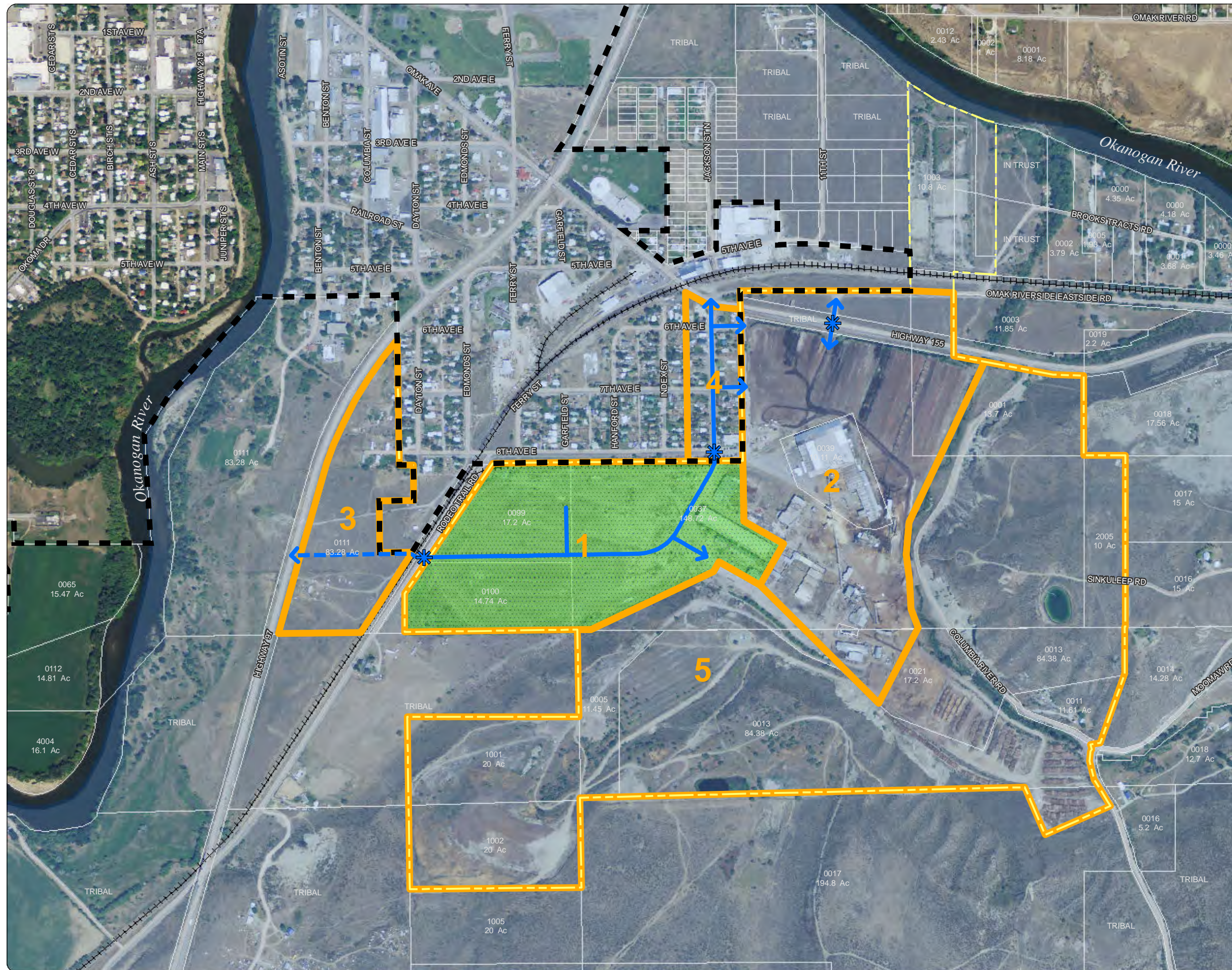
Legend

 Industrial Park Boundary
(Approximate)



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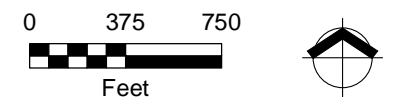
Map 2
Land Use Designations
and Transportation
Omak Industrial Park
Omak, Washington
Confederated Tribes of the
Colville Reservation

DRAFT

Legend

-  Industrial Park Access
-  Proposed Roads
-  Industrial Park Boundary (2005)
-  Tribal Industrial Land
-  Colville Indian Reservation
-  Roads
-  Railroad
-  Okanogan County Taxlots
-  City of Omak
-  Land Use Designations
 - 1 Light Industrial
 - 2 Industrial
 - 3 Highway Commercial
 - 4 Business District
 - 5 Subject to Special Use Review

Note: All areas south of the Okanogan River are designated Confederate Colville Tribe Reservation lands.



Source: Aerial photograph obtained from the USDA-FSA Aerial Photography Field Office (2009).



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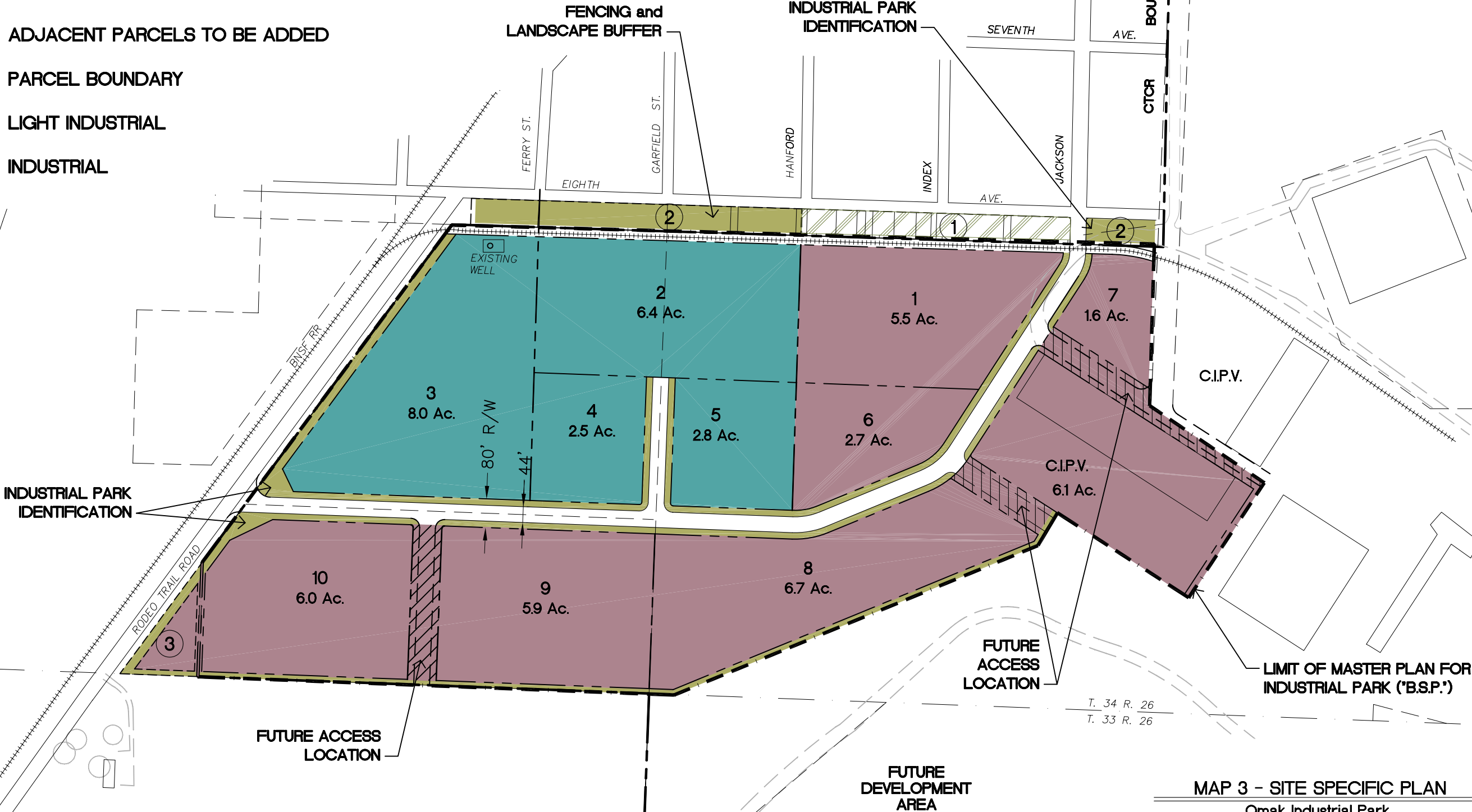
NOTES AND LEGEND

- ① TRANSFER TO INDUSTRIAL PARK FOR USE AS BUFFER
- ② CTEC PARCELS FOR USE AS BUFFER
- ③ TRANSFER TO INDUSTRIAL PARK AND CONSOLIDATE WITH PARCEL

- INDUSTRIAL PARK BOUNDARY
- ADJACENT PARCELS TO BE ADDED
- PARCEL BOUNDARY

- LIGHT INDUSTRIAL
- INDUSTRIAL

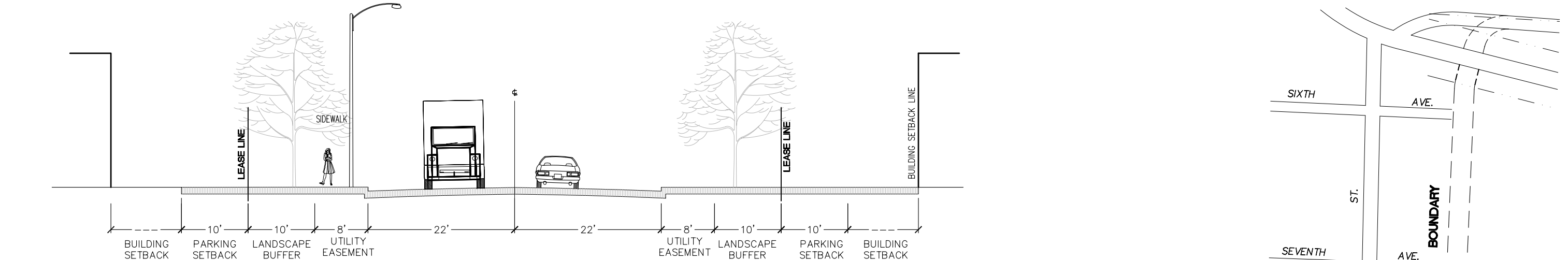
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MAP 3 - SITE SPECIFIC PLAN
Omak Industrial Park
Omak, Washington
Colville Tribal Enterprises Corporation
Confederated Tribes of the Colville Reservation
October 2004



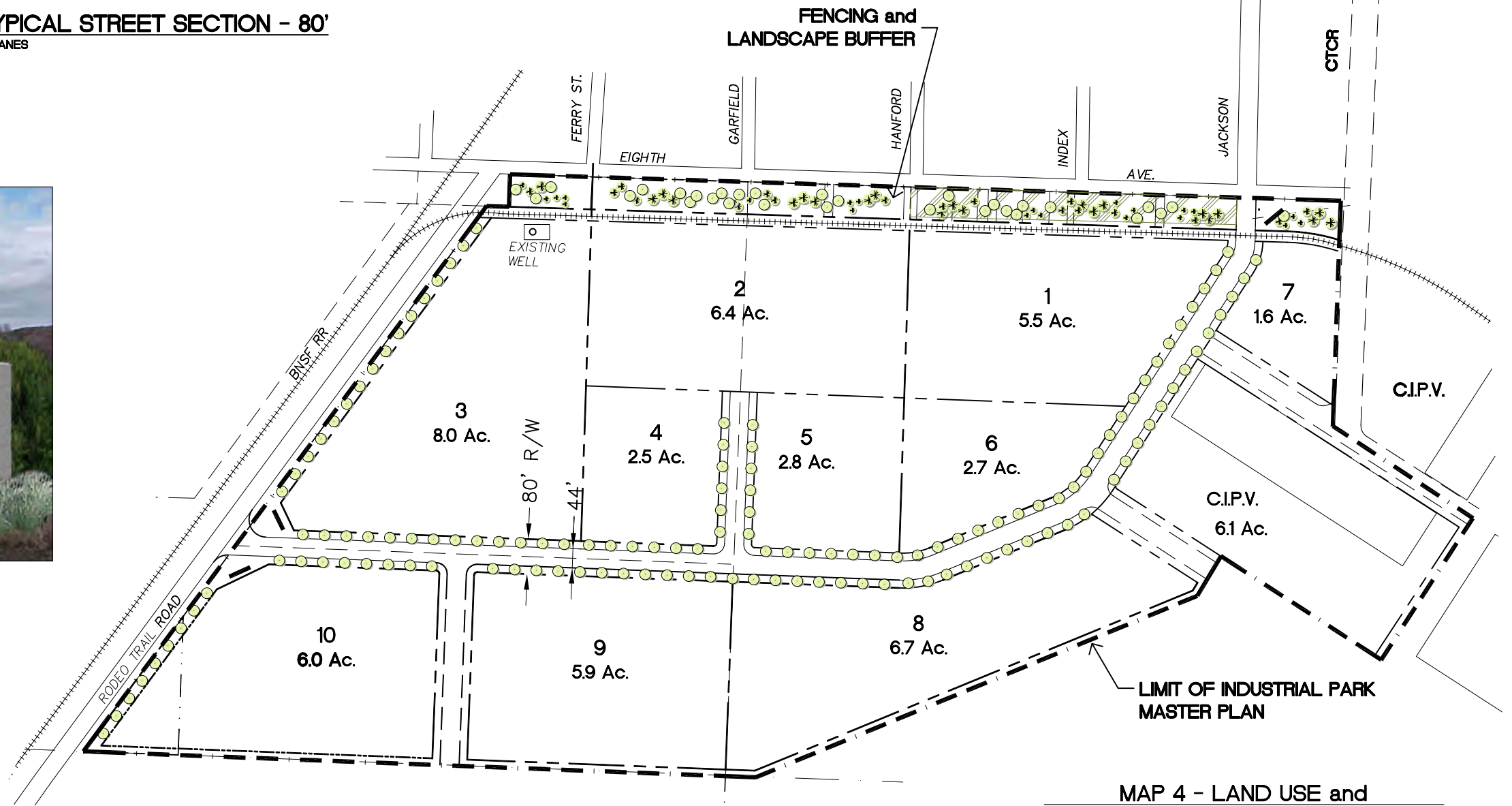
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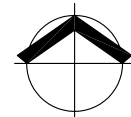
3 **TYPICAL STREET SECTION - 80'**
2 LANES



2 **MONUMENT SIGN CONCEPT**
No Scale



1 **SITE PLAN**
Scale: 1"=300'




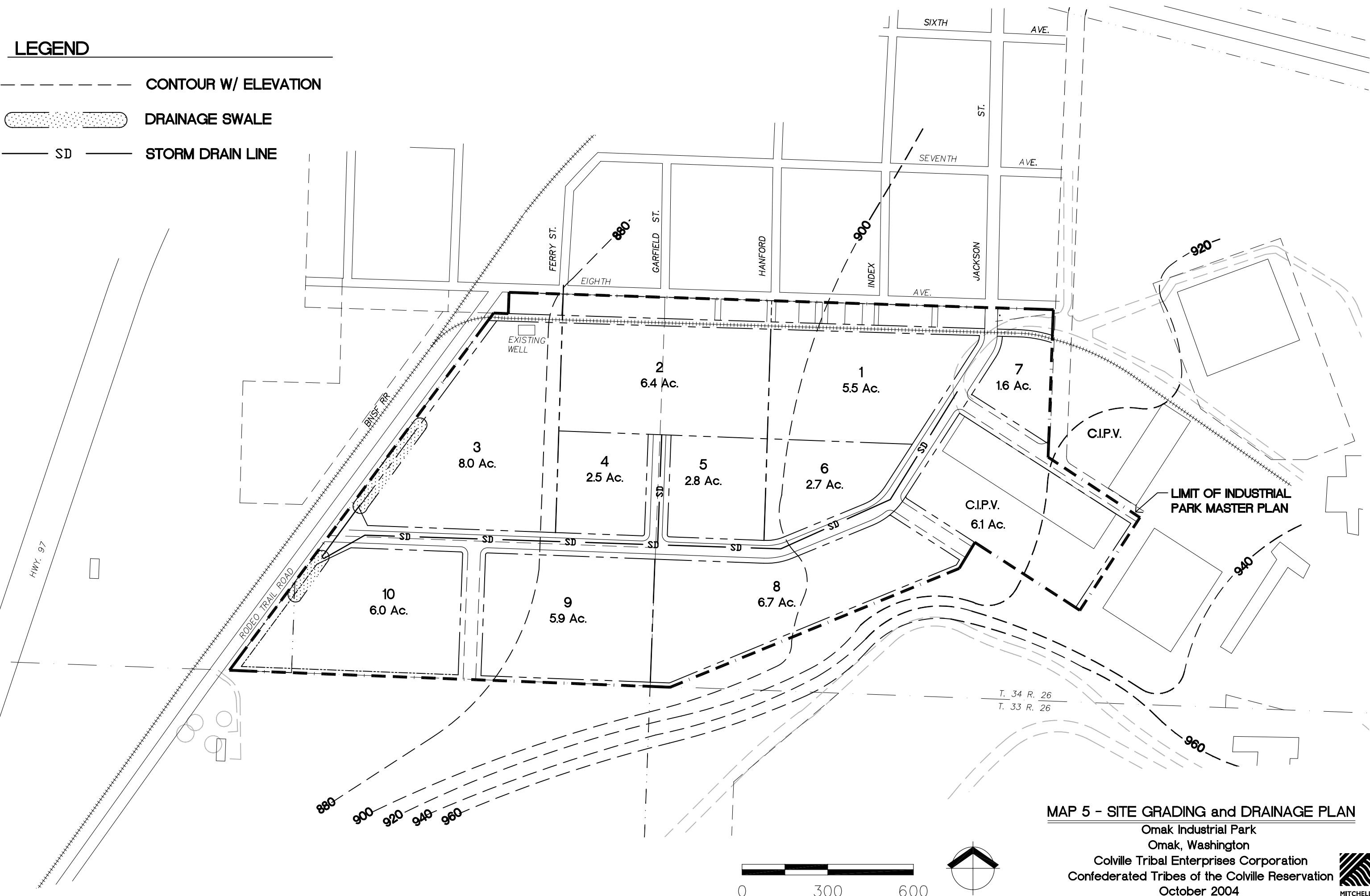
**MAP 4 - LAND USE and
SITE IMPROVEMENT PLAN**
Omak Industrial Park
Omak, Washington
Colville Tribal Enterprises Corporation
Confederated Tribes of the Colville Reservation
October 2004



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LEGEND

- CONTOUR W/ ELEVATION
-  DRAINAGE SWALE
- SD — STORM DRAIN LINE



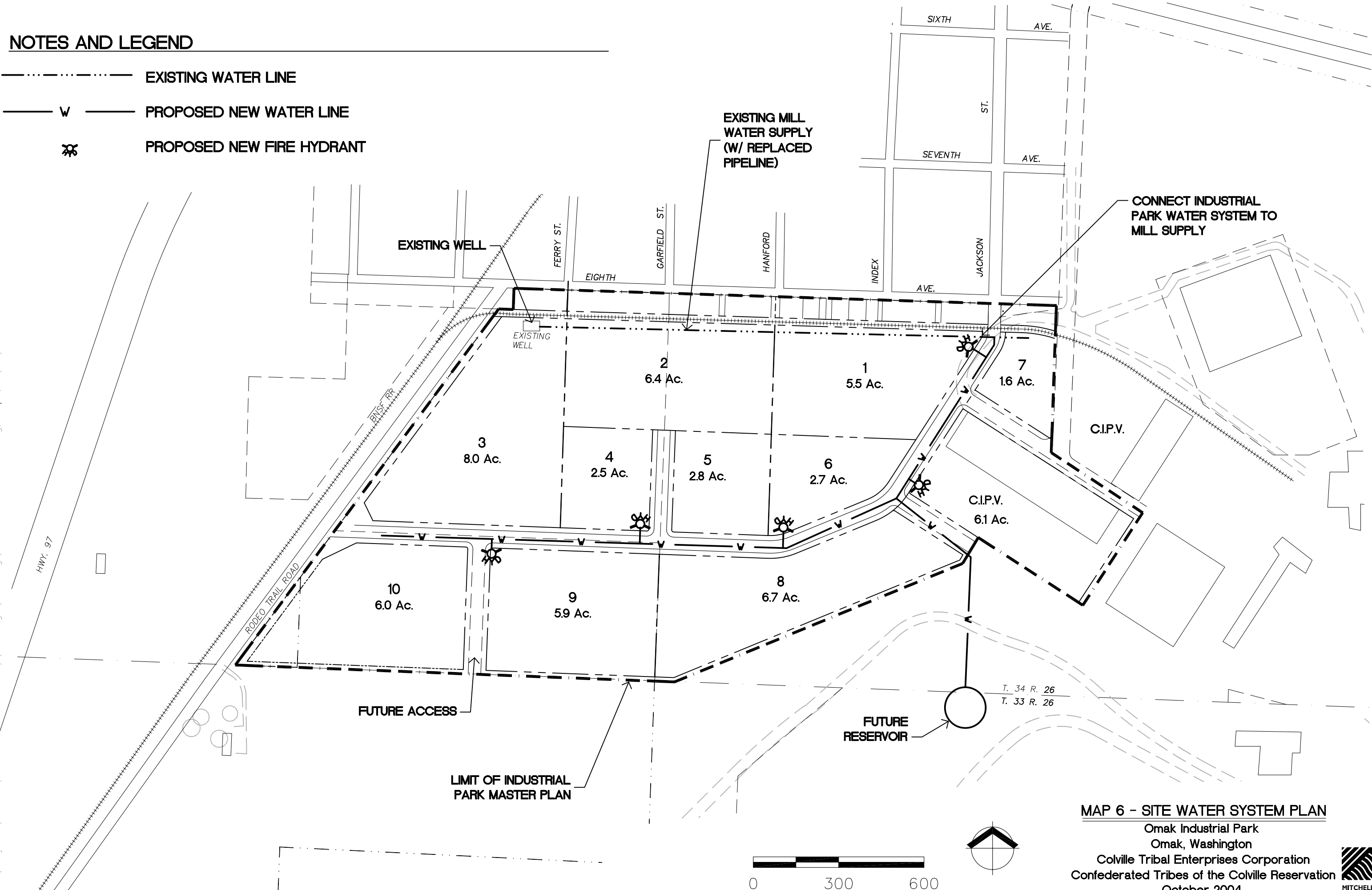
MAP 5 - SITE GRADING and DRAINAGE PLAN
Omak Industrial Park
Omak, Washington
Colville Tribal Enterprises Corporation
Confederated Tribes of the Colville Reservation
October 2004



NOTES AND LEGEND

- EXISTING WATER LINE
- W — PROPOSED NEW WATER LINE
- ☼ PROPOSED NEW FIRE HYDRANT

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MAP 6 - SITE WATER SYSTEM PLAN

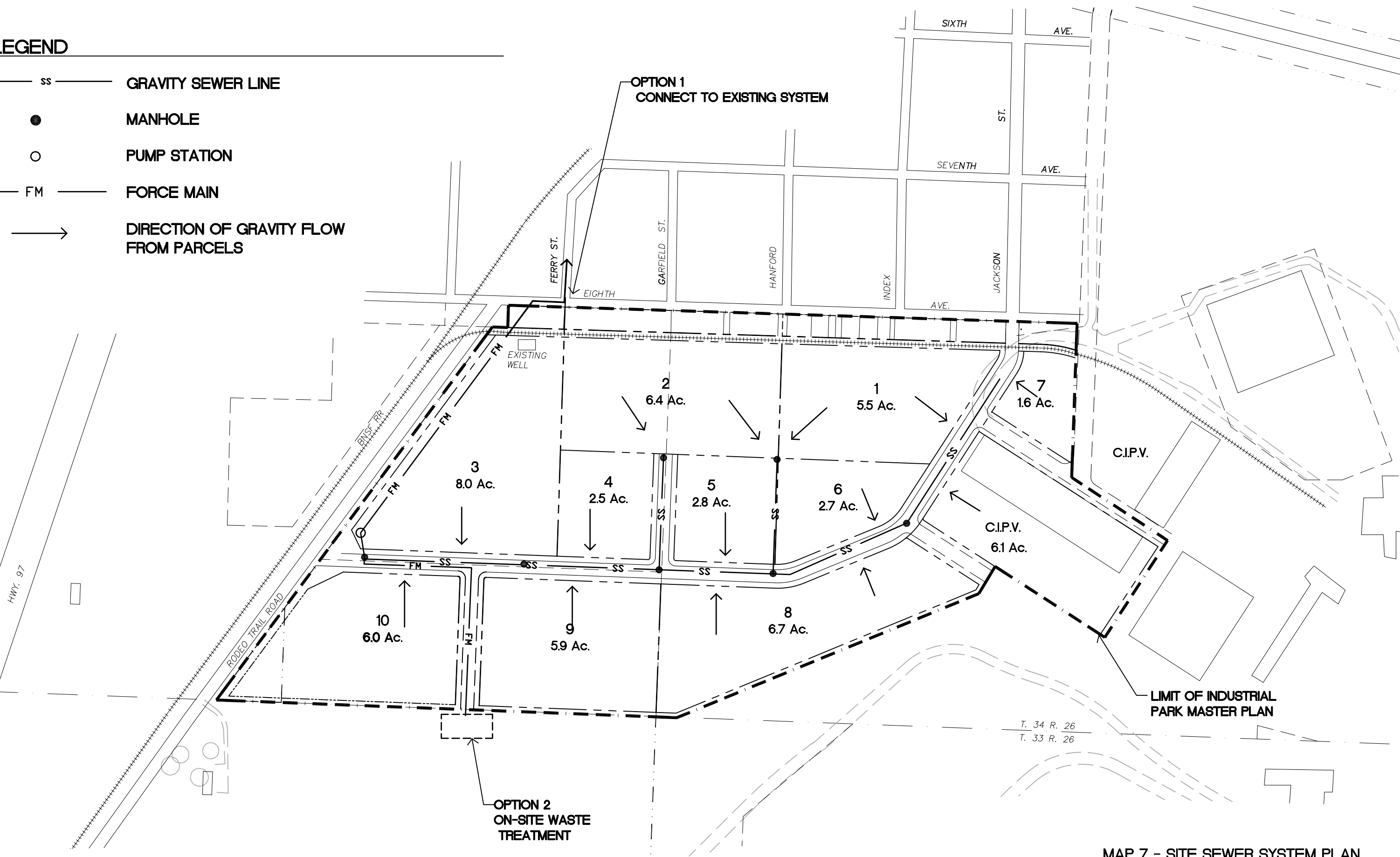
Omak Industrial Park
Omak, Washington
Colville Tribal Enterprises Corporation
Confederated Tribes of the Colville Reservation
October 2004



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LEGEND

- SS GRAVITY SEWER LINE
- MANHOLE
- PUMP STATION
- FM FORCE MAIN
- DIRECTION OF GRAVITY FLOW FROM PARCELS



MAP 7 - SITE SEWER SYSTEM PLAN

Omak Industrial Park
Omak, Washington
Colville Tribal Enterprises Corporation
Confederated Tribes of the Colville Reservation
October 2004

