

6. Economic Development Element

Introduction

The purpose of the Economic Development Element is to improve the City of Newcastle's financial well-being, long-term economic prosperity, and set goals and policies. While the city has a limited capacity to influence the economy, what it can do is crucial to achieving the community's objectives.

RCW 36.70A.070(7)¹² encourages, but does not currently require, *an economic development element establishing local goals, policies, objectives, and provisions for economic growth and vitality and a high quality of life.*

The Economic Development Element establishes guiding principles to preserve the unique character of Newcastle while strategically adding new businesses to the downtown area. By blending the charm of the existing community with vibrant economic growth, Newcastle aims to create a thriving downtown that serves as a hub for commerce and community life, all while ensuring the safety and well-being of its residents. Key themes for economic development in Newcastle are:

- Preserving the small-town character and historic elements of Newcastle to support and enhance Newcastle's identity
- Encouraging the development of locally owned businesses
- Enhancing the downtown area with diverse retail, dining, and service options
- Promoting walkability and connectivity in the downtown core, ensuring safe and accessible routes for all
- Balancing growth with the preservation of open spaces and community landmarks

Through these strategies, the City seeks to enrich the downtown area, making it a lively and inviting destination while retaining Newcastle's distinctive charm and community spirit.

Key Changes:

- The RCW's have been amended and requirements were reduced for this element in 2015.
- The City has combined the element and its appendix into one chapter, providing a consolidated, wholistic vision for economic development in the city.

"Do we really have a downtown?"

"I'm not sure how this would work but I'd love to see it happen."

—public comments

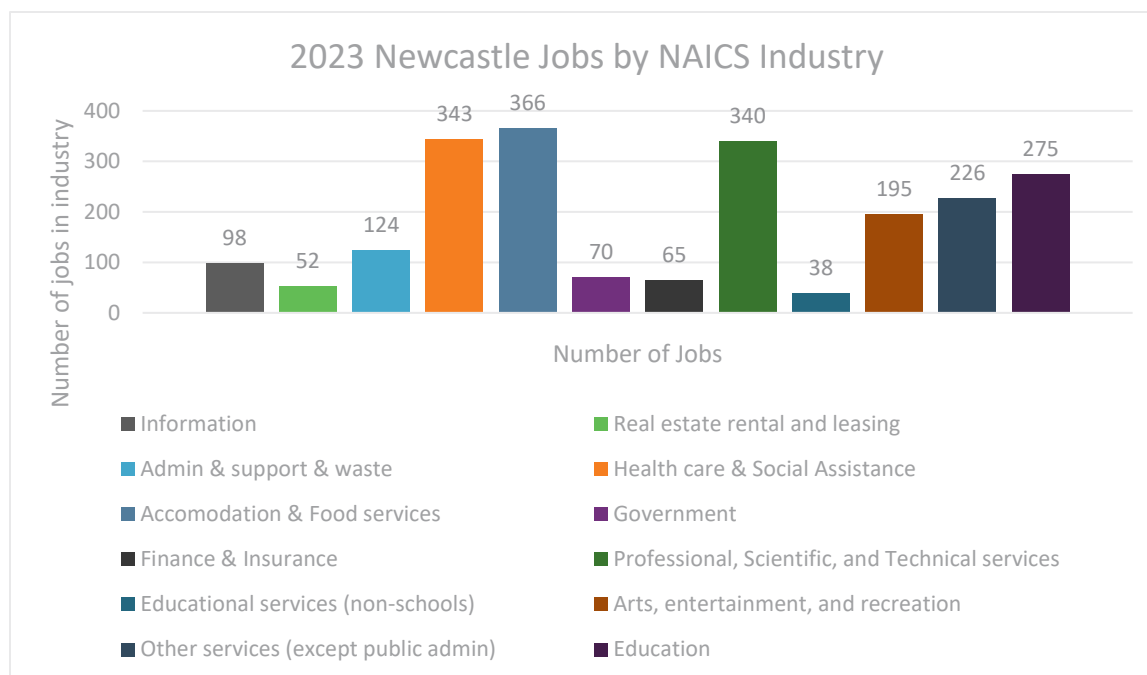
¹² This element is not mandatory as of 2024: see RCW 36.70A.070(10): *It is the intent that new or amended elements required after January 1, 2002, be adopted concurrent with the scheduled update provided in RCW 36.70A.130. Requirements to incorporate any such new or amended elements shall be null and void until funds sufficient to cover applicable local government costs are appropriated and distributed by the state at least two years before local government must update comprehensive plans as required in RCW 36.70A.130.*

- Economic conditions in the City have been updated to reflect current data.
- Goals, policies, and strategies relating to economic development have been updated to reflect state, regional, county, and local priorities for a sustainable economy that is supportive of all people.

Conditions and Trends Newcastle's Business Profile

Although the City of Newcastle is primarily a residential community, it also offers employment and business opportunities including retail and business services, industrial and warehousing establishments, and regional recreation attractions. In 2023, the total of jobs in Newcastle according to the Puget Sound Regional Council (PSRC) was 2,706. As seen below in **Figure X**, Newcastle's largest employment sector in 2023 is accommodation and food sector (14%), followed by health care (13%), "professional, scientific, and technical services" (13%) such as legal services, accounting, and research and development), and then education (10%).

Figure X: 2023 Newcastle Jobs



Source: Puget Sound Regional Council, 2023. Employment by City – NAICS, accessed at <https://psrc-psregcncl.hub.arcgis.com>.

The ratio of local jobs and households in Newcastle is approximately one-half job per household, this is consistent with growth of housing units in the same time period. According to PSRC, there are 500 more jobs reported since 2015, when the last comprehensive plan was written. Growth sectors include "other services" (nail salons, laundry services, and other personal care services), professional services, health care, and accommodation and food. Most of these are likely because of the Newcastle Commons development.

In order for the City to become more proactive in promoting economic development to create jobs and revenue, a number of policy directions are recommended, below. A few important initiatives towards improving the

economic vitality of Newcastle have been put into place, including the creation of an Economic Development Subcommittee. This committee holds public meetings and includes three City Council members on its body. The City has also created a downtown strategic plan, complete with a capital facilities implementation plan to make the downtown more cohesive. There has been visioning for gateway and wayfinding signage, too.

An important facet of private economic growth is the expansion of the City’s revenue stream from taxes, particularly taxes raised from local retail sales, business property values, and other taxes attributable to business. Newcastle’s municipal revenues rely mostly on residential property taxes. **Table XX** shows Newcastle’s actual revenue streams between January and June 2024. This information can be found in the City’s annual budget update, as well.

Table XX: City of Newcastle Revenues, 8/1/2024

Tax Type	Revenues to Date – January-June 2024
Real & Personal Prop Tax	\$3,355,938
Local Retail Sales & Use Tax	\$901,462
State Retail Sales Tax Affordable Housing HB 1406	\$3,180
Sales & Use Tax Criminal Justice	\$234,330
Leasehold Excise Tax	\$4,051
Development Revenue	\$873,914

Source: City of Newcastle

There are other economic activities that are addressed in this element. These include creating a Newcastle identity, providing infrastructure so local businesses can thrive, leadership and collaboration of economic development programs, and public education and outreach. The goals and policies in the Economic Development Element, and the following strategies are intended to provide a foundation for City decisions regarding incentives that promote desired results; regulations that strengthen the City’s ability to guide project-level planning; and measures for monitoring and assessing performance.

A newer phenomenon for this comprehensive plan is the consideration of more people working from home. Post-pandemic work experiences have changed, with many employees returning to the office part time or not at all.

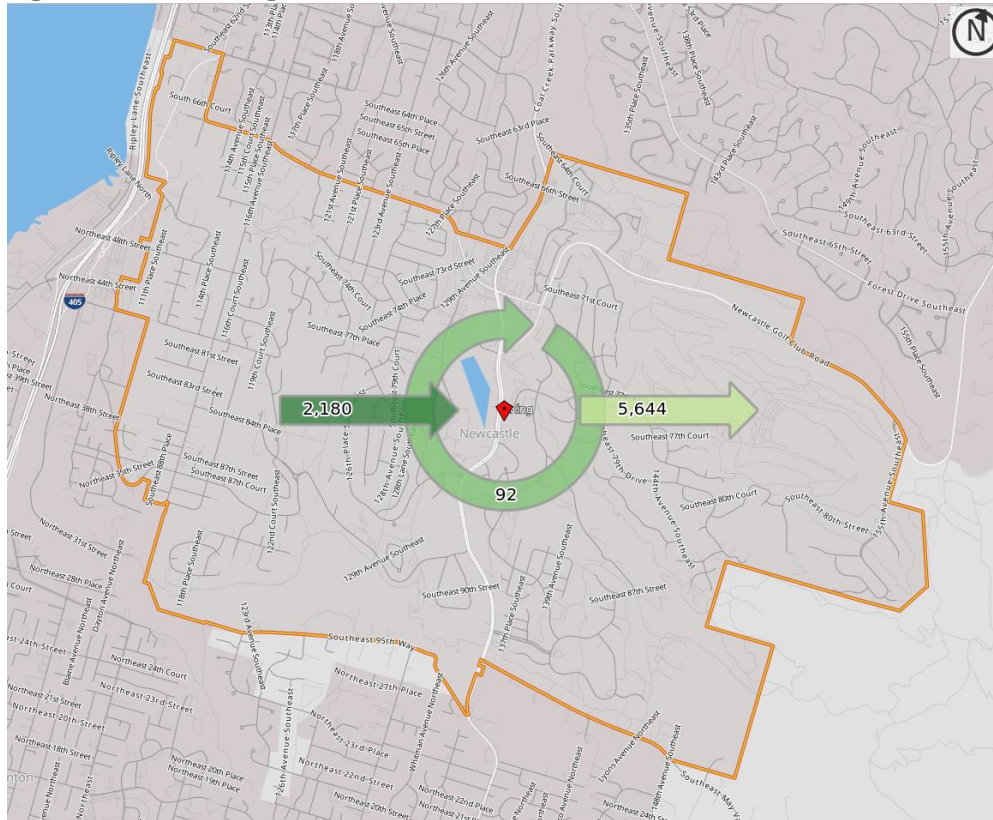
According to 2021 U.S. Census OnTheMap¹³ data, who works in Newcastle and who lives in Newcastle aren't always the same individuals. 5,644 Newcastle residents work outside of the city, 2,180 non-residents work in Newcastle, and about 92 Newcastle residents work in the city itself. For Newcastle residents, the most prominent industries were the information, professional, scientific, and technical services, health care and social assistance sectors, and retail. These industries make up just under 50 percent (48.7%) of employed Newcastle residents. Whereas for Newcastle workers, the most prominent industries were administrative and support, waste management and remediation, retail trade, professional, scientific, and technical services, and accommodation and food services. These industries make up just over 55 percent (55.1%) of all Newcastle workers.

A notable difference in this data is that Newcastle workers in admin support, waste management and remediation (17.4% worker, 5.8% resident) and accommodation and food services (12% worker, 5.2% resident) are not often residents, while jobs in the information sector are largely held by Newcastle residents (13.3% resident, 3.3% worker).

While U.S. Census OnTheMap data is able to depict inflow and outflow of daily commuters based on this information, as seen in Figure X, it's important to note that commuting patterns have changed significantly since the 2020 Census, with an increase in remote work opportunities. Especially within the information sector, there may be less commuting for these Newcastle employees.

¹³ US Census OnTheMap Tool: <https://onthemap.ces.census.gov>

Figure X: Commuting Patterns in Newcastle



Source: U.S. Census OnTheMap, 2021

Economic Development Goals and Policies

Goals

G1: A safe, healthy, and physically active community.

G4: A community where housing is obtainable in support of local businesses and a thriving, diverse community.

G5: A sense of local identity and history for visitors and residents alike.

G6: New development is consistent and compatible with existing neighborhoods.

G7: Grow a diverse economic environment that promotes higher than average wages, centers sound environmental business practices, and brings long term capital to the City.

Policies

P187: The City shall levy impact fees in accordance with the Growth Management Act as part of the financing for public facilities.

P188: The City shall make adjustments to the level of service standards and any necessary elements to achieve a balance between funding capacities and needed facilities if the 6-year capital facilities finance plan shows that projected funding is inadequate to finance projected capital facilities needs based on adopted levels of service standards and forecasted growth.

P192: The City should allow phased development of sewer and water services according to future land use needs and to meet GMA concurrency requirements, in coordination with the Coal Creek Utility District.

P193: The City should ensure utilities are sited and designed in a manner that minimizes aesthetical impact with the surrounding land use. Where found to be safe, such design should encourage dual-use for recreation activity.

P194: The City shall coordinate the efficient provision of utilities and public services with providers to ensure any impacts on the natural environment are avoided or mitigated

P199: The City shall coordinate its future growth and planning efforts with residents, service providers, and other jurisdictions, including federal, Tribal, state, regional, county, and local jurisdictions, to ensure an integrated and cohesive approach.

P202: The City shall encourage safe and efficient placement of system and utility services through means such as undergrounding, collocation, and concurrent installations when practicable and feasible.

P203: The City shall encourage the use of efficient technological models or advanced alternatives in development and equipment upgrades provided such changes are cost effective, fiscally reasonable, and increase reliable service for Newcastle residents.

P204: The City shall ensure development and service providers minimize risk from natural hazards, including but not limited to seismic activity, flooding, and heatwaves, through design, construction materials, and/or retrofitting existing infrastructure where there is an increase in hazard exposure.

P206: The City shall ensure utility purveyors practice vegetation management along utility corridors in a manner which balances the aesthetic and climate benefits of urban forestry with the disturbances necessary for safety, reliability, and regular maintenance of transmission lines, mitigating impacts when there are significant disturbances.

P207: The City shall foster connections for Newcastle residents through safe gathering places that provide various use opportunities.

P208: The City shall promote and protect native and/or drought resistant vegetation throughout the City to enhance the City's scenic beauty, especially in mitigating aesthetic impacts from development and utilities where practical.

P209: The City shall promote stewardship opportunities that connect the community to environmental concerns through educational programming and restoration and enhancement projects.

P210: The City shall promote the conservation of resources, such as water and energy demand, to reduce the magnitude of demand with future growth.

P212: The City shall regularly project and update capital facilities needs based on adopted level of service standards and forecasted growth. These growth projections will be supported through the maintenance of a annually updated 6-year capital facilities finance plan identifying public funding sources.

P213: The City should coordinate with service providers, schools, local businesses, and community organizations on educational and incentive programs in waste management, recycling, and composting services to educate and incentivize safe waste reduction throughout the City.

P216: The City should ensure the provision of solid waste, recycling, and organic material collection services for residents that meet or exceed level of service standards in coordination with regional King County waste management plans.

Economic Development Strategies

The following recommended strategies are intended to be a beginning work program that the City, the business community, and other stakeholders can employ to initiate implementation of the goals and

policies. The strategy numbers below are keyed to the policy numbers in the Economic Development Element. Not all policies have identified strategies.

1. Implement a rigorous amendment process for the Urban Growth Area that includes comprehensive reviews, public engagement, and adherence to established criteria.
2. Develop and maintain a buildable lands program that exceeds state requirements, providing accurate and detailed assessments of land availability and development capacity.
3. Explore methods to streamline the development permit process.
4. Maintain land use policies and regulations that treat government-assisted housing and other low-income housing the same as housing of a similar size and density.
5. Establish processes for measuring the effectiveness of policies and regulations in meeting the housing needs of Newcastle residents.
6. Maintain data and reports to inform City officials and the public on the status of the City's housing.
7. A collaborative process should be established with local governments to identify and implement reasonable measures that address growth capacity needs without expanding the Urban Growth Area.
27. Comprehensive displacement mitigation strategies should be created for residential and commercial areas.
28. Programs should be developed that prioritize services and access to opportunities for people of color, low-income individuals, and underserved communities, aiming to improve quality of life and address past inequities.
29. Implement inclusive engagement practices to involve historically marginalized communities in land use decision-making.
30. Implement programs and policies that acknowledge and empower the contributions of diverse communities and Indigenous Tribes, ensuring their inclusion and representation in all aspects of community development.
32. A transportation innovation task force should be established to monitor and respond to changes in mobility patterns and technologies.
35. Update annually the adopted impact fee rate schedule to ensure that the cost allocation formula reflects the new land use and transportation forecasts.
36. Develop an efficient, safe, and environmentally sensitive street system that is responsive to the mobility needs of the existing City businesses and residents, and guides future developments.
42. Identify opportunities for partnerships with other public sector entities, and with private groups, to expand parks, trails, and recreation opportunities for Newcastle residents.
47. Targeted programs and policies should be developed and aimed at eliminating income and employment disparities, providing resources and support for wealth-building initiatives for marginalized communities.
48. A monitoring system should be implemented to track the economic health of small businesses and provide adaptive support measures to prevent displacement during redevelopment and economic fluctuations.
49. Maintain a marketing and information program in support of business recruitment and retention activities.

50. Evaluate the need for, and implementation of a public-private partnership for coordinating parking facilities development and management within the Community Business Center/ Lake Boren Corridor (CBC/LBC) Master Plan.
51. Adopt procedures for guiding infill and redevelopment within the CBC/LBC subarea. These should include a checklist for evaluating building, parking, signage, lighting, landscaping, and other elements of project proposals.
52. Adopt procedures for guiding large-scale projects within the CBC/LBC. These should include a format for working with applicants to establish timelines, submittal requirements, review procedures, dealing with requests for exceptions from guidelines and standards, and negotiation protocols for drafting development agreements.
53. Establish performance measures for economic development. These may be in terms of new jobs created, increased tax revenues, increased retail sales, as well as qualitative terms such as wider diversity in shopping, service availability, and higher quality employment opportunities.
55. Implement measures to replace failing septic systems and expand sanitary sewer services to new city developments, prioritizing areas with the greatest impact on water quality.
56. Standards for fossil fuel facilities should be established that include stringent health and safety standards, environmental reviews, community engagement processes, and disaster preparedness plans.
57. Performance measures should be formulated as part of the business development planning process.
78. The CBC/LBC market analysis should be updated and enhanced periodically to provide an on-going database of information describing the kinds of businesses and jobs that can be supported by the community. This also includes assessing Newcastle's competitive advantages and disadvantages, workforce characteristics, and the status of regulatory barriers and incentives for business development and operation. The update should be conducted once every 10 years.
79. The City should maintain an economic development advisory body specifically designated to work with the private sector development community. The economic development advisory body shall assess Newcastle's competitive advantages and disadvantages, workforce characteristics, and the status of regulatory barriers and incentives for business development and operation.
80. Where new mixed use or commercial development involves the construction or rebuilding of infrastructure facilities that have been identified as needing improvement, the City should take a leadership role in identifying means to plan, design, finance, and construct them in partnership with the private sector. This may include assisting in facility planning; seeking grants and loans; and/or the formation of local improvement districts or tax increment financing districts. The City may choose to provide financial assistance to particularly key projects through infrastructure development, land assembly, or grants.
81. The City should exercise leadership in the distribution of fiber optic and cable telecommunications technology that will link homes, home businesses, larger businesses, and institutions together.
82. As the land use intensity of the downtown increases, parking will become a precious resource. New methods for maintaining an adequate supply of parking, leveraging this resource to maximum performance, and coordinating its use will be necessary. The City should work with downtown property owners, business owners, and prospective developers to set this in motion.
83. Larger, mixed-use, multi-acre projects may involve complex phasing, construction, leasing, and occupancy requirements. Coordination with surrounding property improvement projects including public infrastructure may also be necessary. These factors contribute to the need for flexibility and creativity

outside of the normal permitting process. Establishing a City format for conducting these reviews and approval procedures will enable all sides to work from the same understanding

Business Development

Newcastle needs a balanced approach to leveraging the resources of the City, other governmental agencies, regional and state economic development organizations, and local business owners and managers that will produce organizational capacity. This “intellectual infrastructure” is necessary to coordinate public and private recruitment, facilitate development permitting, and provide a forum for local information-sharing.

ED-S1

The CBC/LBC market analysis should be updated and enhanced periodically to provide an on-going database of information describing the kinds of businesses and jobs that can be supported by the community. This also includes assessing Newcastle’s competitive advantages and disadvantages, workforce characteristics, and the status of regulatory barriers and incentives for business development and operation. The update should be conducted once every 10 years.

ED-S2

The City should maintain an economic development advisory body specifically designated to work with the private sector development community. The economic development advisory body shall assess Newcastle’s competitive advantages and disadvantages, workforce characteristics, and the status of regulatory barriers and incentives for business development and operation.

Infrastructure and Capital Facilities

Adequate roads, utilities, and telecommunications facilities are fundamental to Newcastle’s ability to attract and retain businesses and the jobs that go with them. While the short-term and long-term needs for these facilities are addressed in other plan elements, it is important that the City make constant progress in maintaining and updating these facilities.

ED-S4

Where new mixed use or commercial development involves the construction or rebuilding of infrastructure facilities that have been identified as needing improvement, the City should take a leadership role in identifying means to plan, design, finance, and construct them in partnership with the private sector. This may include assisting in facility planning; seeking grants and loans; and/or the formation of local improvement districts or tax increment financing districts. The City may choose to provide financial assistance to particularly key projects through infrastructure development, land assembly, or grants.

ED-S5

The City should exercise leadership in the distribution of fiber optic and cable telecommunications technology that will link homes, home businesses, larger businesses, and institutions together.

ED-S6

As the land use intensity of the downtown increases, parking will become a precious resource. New methods for maintaining an adequate supply of parking, leveraging this resource to maximum performance, and coordinating its use will be necessary. The City should work with downtown property owners, business owners, and prospective developers to set this in motion.

Permitting

The City should continue to work on regulatory reform, including measures that can expedite permitting for business development within the CBC/LBC that is consistent with the Comprehensive Plan and Master Plan, as well as for home business proposals that are in compliance with codes and standards.

ED-S7

The adopted design guidelines should be administered in a predictable way that will enable applicants for small infill or redevelopment projects to understand and apply them appropriately with minimal redesign and resubmittal iterations. The checklist approach can be used to both guide the design process as well as ensure consistency with the intent of the Master Plan. Such consistency should also relieve applicants of further environmental review.

ED-S8

Larger, mixed-use, multi-acre projects may involve complex phasing, construction, leasing, and occupancy requirements. Coordination with surrounding property improvement projects including public infrastructure may also be necessary. These factors contribute to the need for flexibility and creativity outside of the normal permitting process. Establishing a City format for conducting these reviews and approval procedures will enable all sides to work from the same understanding

Monitoring

The City should monitor the performance of these policies and strategies on a regular basis so that they can be amended or supplemented to remain current with community needs.

ED-S10

Performance measures should be formulated as part of the business development planning process.