

APPENDIX A

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Authority of the Port

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## **APPENDIX A**

# **Authority of Port**

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### **Selective Abstract**

#### **RCW 53.08.010 – Acquisition of property**

A port district may acquire all lands, property, property rights, leaseholds, or easements necessary for its purposes and may exercise the right of eminent domain, and may levy and collect assessments upon property for the payment of all damages and compensation in carrying out its purposes . . .

#### **RCW 53.08.040 – Land improvement for industrial and commercial purposes**

A district may improve its lands by dredging, filling, bulkheading, providing waterways or otherwise developing such lands for industrial and commercial purposes.

A district may also acquire, construct & operate sewer and water utilities & other facilities to control or eliminate air, water or other pollution – and make available to others.

#### **RCW 53.08.050 – Local improvement districts**

A district may establish local improvement districts within the district and levy special assessments in up to 10 year annual installments on all property specially benefited by the local improvement on the basis of special benefit.

#### **RCW 53.08.060 – Improvement of waters and waterways**

A district may improve navigable and nonnavigable waters within the district and improve any water, watercourses, bays, lakes or streams, whether navigable or otherwise, flowing through or located within the district.

#### **RCW 53.08.080 - Lease of property**

A district may lease all lands, wharves, docks and real and personal property owned and controlled by it, for such purposes and upon such terms as the port commission deems proper.

#### **RCW 53.08.110 – Gifts, improvement**

Port commissioners are authorized to accept for the port district gifts of real and personal property and to expend in improvements and betterment such amount as may be necessary.

#### **RCW 53.08.160 Studies, promotion of facilities**

Port districts may initiate and carry on necessary studies, investigations and surveys required for proper development, improvement and utilization of all port properties, utilities and facilities, and for industrial development within the district carried out by public agency, institution, or body for a public purpose – and for the proper promotion, advertising, improvement and development of such port properties, utilities and facilities

**RCW 53.08.240 Joint exercise of powers and joint acquisition of property**

Two or more port districts may jointly exercise all powers granted to each district, and may acquire jointly all lands and property necessary for their purposes. A district may enter into any contract with the United States, or any state, county, or municipal corporation, or any department of those entities, for carrying out any of the powers that each of the contracting parties may by law exercise separately.

**RCW 53.08.245 Economic development programs authorized**

It shall be the public purpose for all port districts to engage in economic development programs. In addition, port districts may contract with nonprofit corporations in furtherance of this and other acts relating to economic development.

**RCW 35.08.255 Tourism promotion**

Any port district has power to expend moneys and conduct promotion of resources and facilities in the district or general area by advertising, publicizing, or otherwise distributing information to attract visitors and encourage tourist expansion.

**RCW 53.08.260 Park and recreation facilities**

A port district may construct, improve, maintain, and operate public park and recreation facilities when such facilities are necessary to more fully utilize boat landings, harbors, wharves and piers, air, land, and water passenger and transfer terminals, waterways, and other port facilities authorized by law pursuant to the port's comprehensive plan of harbor improvements and industrial development.

**RCW 53.08.330 Streets, roads**

Any port district may expend port funds toward construction, upgrading, improvement, or repair of any street, road, or highway that serves port facilities.

**RCW 53.29.020 Trade centers, facilities authorized**

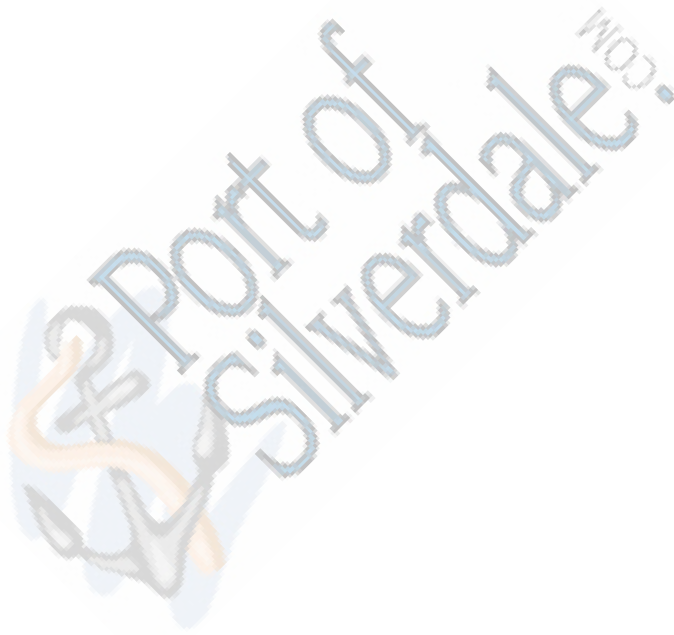
Any port district may acquire, construct, develop, operate and maintain all land or other property interests, buildings, structures or other improvements necessary to provide a trade center including but not limited to:

- (1) A facility consisting of one or more structures, improvements and areas for the centralized accommodation of public and private agencies, persons and facilities in order to afford improved service to waterborne and airborne import and export trade & commerce;
- (2) Facilities for promotion of such import and export trade and commerce, inspection, testing, display and appraisal faculties, . . office meeting rooms, auditoriums, libraries. . . marketing and exhibition facilities, facilities for federal, state, county and other municipal and governmental agencies providing services relating to the foregoing . .

**RCW 39.33.060 Transfer of property or use for park & recreational purposes**

A port district may convey its real or personal property to, or contract for its use by, the county or park and recreation district wherein such property is located, for park or recreational purposes, upon such terms and with such consideration as might be mutually agreed to by such port district the board of county commissioners.

**RCW 39.34.030(1)** Any power a port can exercise may be exercised jointly with any other public agency having the power.



APPENDIX B

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## Stakeholder Feedback Summary

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## APPENDIX B

# Stakeholder Feedback Summary

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## Port of Silverdale Comprehensive Plan Stakeholder Interview Summaries

**October 10, 2006**

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***Mary Earle: Owner of Grape Expectations, president of the Old Town Silverdale Association***

- October – December is the busiest time for her wine shop. Her shop is a destination, not a convenience. Wine shops tend to do better in locations like Old Town rather than in a mall.
- Her clientele primarily comes from Bremerton, Silverdale, Seabeck and Poulsbo.
- The goals of the Old Town Association include:
  - Maintaining the existing character of the area
  - Maintaining the grid street pattern
  - Improving the walkability / pedestrian-orientation of the streets
- Silverdale and Old Town are not really on the way to somewhere else, like Poulsbo or Bremerton are. It is a destination, and visitors must be motivated to visit.
- Parking is the biggest perceived issue for most business owners in Old Town, though she doesn't see it as a big issue.
- The Port may be able to alleviate future parking problems by investing in a centralized public lot.
- Strict design guidelines may restrict new development and may not be necessary. She feels developers will often adhere to the area's theme without being required to.
- It is most important to promote a walkable, pedestrian friendly environment through sidewalk and streetscape improvements like thematic lighting, paving, and landscaping, and through traffic-calming measures like additional crosswalks and stop signs. The Old Town Association was responsible for adding the stop sign at Pacific and Byron, which has proven to be an effective traffic calming measure. Adding crosswalks is the next project on the Old Town Association's priority list.
- Potential businesses that would be a good fit for Old Town could include a ship's chandlery, other small scale retail, restaurants, and pubs.
- Special events in Old Town, like the Art Walk, are important and should be added to and promoted.
- There are poor traffic/pedestrian conditions on Silverdale Way. There are no sidewalks and some businesses have right angle parking along storefronts, which means patrons have to back into oncoming traffic to exit. On Byron, cars parked in storefront pull in spaces sometimes block the sidewalk.

*Mary provided the complete list of Old Town Silverdale Association's Vision document, which identifies priority projects.*

**Gene Straw, ex president of the Chamber of Commerce and Natalie Bryson, member of the Central Kitsap CAC and the Central Kitsap Community Council**

- Gene Straw has promoted the hydro races in Dyes Inlet the last two years. The first year the event lost money (and had approximately 4,000 – 5,000 attendees). This year, they turned a profit (with approximately 10,000 attendees). The Port charges for use of their moorage facilities during this event. Sponsors provide funding.
- A winch or crane launch at the boat ramp would be helpful for events like the hydro races.
- Old Town is an important and unique part of Silverdale that needs to retain its character. It should not be thought of as primarily a commercial center, but as an area for community activity.
- Newer development in Old Town includes businesses that have respected the character of the area (smaller scale buildings that reflect the residential character) and businesses that have not (more modern in design and larger in scale).
- New development in Old Town should help produce a unique, character-driven area, with shops, boutiques, bistros, restaurants coffee shops and other meeting / gathering places that draw people and promote a community feeling.
- Streetscape elements can help create a specific feel in Old Town. However, finding funding is difficult. If the Port set a tone by including certain streetscape elements in their development projects, it would encourage private developers to follow suit.
- There may be opportunities, in the long term, to build taller, larger-scale projects on the outskirts of the core commercial area; this could include a 4-5 story resort or condominium complex set into the slope between Dyes Inlet and Silverdale Way (perhaps in conjunction with an eventual re-routing or replacement of Silverdale Way). This type of development should support the commercial core, but not encroach upon it.
- The Port should develop and promote businesses that facilitate access to the waterfront; including cafés with patios overlooking the waterfront and new trail system.
- Could the Port help fund / promote the restoration of Strawberry creek? There could be educational / recreational opportunities here (the smelt run, e.g.).
- What about exploring “clean” industry opportunities, like a software or electronics industry campus?
- The Port should explore potential development opportunities at the School District building and Library sites (which may both become vacant in the near term).
- Creating partnerships will be an important element in generating economic development opportunities. The Port could play a role by identifying key players and getting them together to develop new projects (e.g. a Housing Authority / Port partnership to develop mixed use buildings).
- Parking is an issue that will only get worse with increased development in Old Town. The Port should maintain its existing parking lots and provide public parking there.
- The Port should develop new boating events to increase activity at the dock, which will support other businesses in Old Town. However, there has to be enough draw for boaters to get off the dock.



- The Port should decide how to develop their properties in Old Town; do they want to create a tourist center? Or a mixed-use live/work environment? Can Old Town support both?
- The Port should consider any potential effects of incorporation. The effort to incorporate Silverdale five years ago failed because the area they were considering was not inclusive enough, but a future effort could succeed.

**Mark Miller, boat owner (the “Rocky”)**

- Mark Miller has been a resident of Silverdale for over 28 years. There has been a dramatic change in the area in recent years, driven mostly by a growing retired military population. This growth will continue, and will spur new development.
- He owns the Rocky, a 38’ Bayliner moored at the Bremerton Yacht Club. He frequently uses the Silverdale’s moorage facilities, which are in good condition (water, electric, 50+ foot slips, new showers and restrooms). However, the Port’s facilities are underused, and are only full on a couple of event weekends each year.
- Permanent moorage may be feasible in the very long term, if the Port installed a breakwater and additional slips. But the associated permitting and construction costs may take a very long time to recoup. If the Port ever does consider permanent moorage, they should retain or even expand the existing amount of transient moorage.
- The Port’s gravel parking lots should eventually be paved.
- Silverdale needs a place like Old Town. The Port should continue to buy up as much property as possible in the area, so they can steer development in an appropriate and consistent direction.
- To be a successful boating destination, an area must have attractive amenities, such as higher-end restaurants, a variety of pubs and activities, and a place to restock supplies (food/beverage mart). Now, Old Town is saturated with service-oriented development (salons, e.g.).
- A boat chandlery may not be able to survive in Old Town. Visiting boaters usually shop for marine supplies close to their permanent moorage, and there are a number of more conveniently located suppliers (West Marine, e.g.) in the area.
- Maintaining a fuel float is expensive, and should be viewed as a service, not a profit generator. The Bremerton Yacht Club installed a \$160,000 private fuel facility to serve approximately 200 boats (300 members) a few years ago, and have recovered their costs. However, Silverdale is not a good location for a fuel float; fuel is available to larger boats on the way into Dyes inlet, at Bremerton and Poulsbo. Smaller, trailerable boats are more likely to get fuel at upland fuel station where it is cheaper.
- A breakwater would be a great addition to the Port’s moorage facilities. The dock is strong, but southwest winds can generate 5’ – 6’ rolling swells in Dyes inlet. He had several thousand dollars worth of damage done to his boat a few months ago when he was docked in Silverdale during a storm. A breakwater would also extend the life of the floats, which could amortize some of the cost to construct the breakwater.
- Although new security measures (camera, night security patrols) are in place, a coded security gate (locked only at night) to control dock access would improve boater perception of security.

October 18, 2006

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**Pete Crane: SmithBarney financial advisor; president of the economic development association**

- Pete has been on the County's Economic Development Council for 20 years.
- The primary issues facing economic development in Kitsap County include:
  - The general perception that economic growth will negatively effect quality of life in the area; many locals think that the "small town" feel will be destroyed by too much growth
  - There is a civil service, blue collar mentality and culture, which differs from that associated with high-tech industry; it is difficult to attract high-tech industry (such as biotech), because the culture of the area has not traditionally appealed to young, single workers (though there is a draw for outdoor activities)
  - The large number of Navy retirees in Kitsap does not create the entrepreneurial environment that promotes economic development. However, Kitsap County is slowly transitioning away from an economy based on government employment (telecommuting, e.g.); in 20 years, it may be very different. The Port should stay up to date on these trends and explore / promote associated economic development opportunities (contact Jim Nall, president of Paladin Data systems in Poulsbo; 360.394.5918).
  - The 40-acre mobile home park site across from the Port of Bremerton is being redeveloped as a self-sustaining (energy, water, etc.) biotech industrial park (research, biofuel, etc.); if it is successful it could change Kitsap County's image.
  - There is no access to a four-year degree (though there are a number of community and vocational schools); an effort to develop an extension campus here to offer the first two years of a four-year program is underway (however, there is currently little financial incentive for an established college to do this); the school district (Jenny-Wright) building may be a potential location
  - The County's tax base is limited by the large amount of Navy owned property (the Navy does not pay property taxes) which affects project funding
  - He feels that if NASCAR comes to the area, it will provide a real benefit to service oriented businesses
- The Port should promote a variety of new development; however, high-tech industry may not be a logical candidate. There is too much competition from surrounding areas where high-tech industry is already established.
- Old Town should focus on development that will benefit from the existing assets of the area; unique character, waterfront access and boating facilities. Develop new amenities for boaters and other visitors (more restraints, pubs, boutiques, etc).
- The Port should focus on development that creates a niche; arts and crafts, galleries, pubs / taverns and restaurants, a pedestrian *experience* (like La Conner). Become a recreational center; draw locals as well as visitors from the Seattle area for a weekend in Bremerton and Silverdale. However, it will take time to create this sort of destination.
- There are a large number of hotels in the area (which could support weekend visitors), which are primarily supported by consultants for the Navy.
- To encourage development in Old Town, the Port could provide financial incentives (lower rents, e.g.) for desirable businesses, (in Port owned buildings), and partner with the Housing Authority to develop mixed-use projects (speak with Norm McLoughin at the Housing Authority; 363.710.7788).

- A larger marina would increase activity in the area, at least seasonally (but may only be feasible in the long term).
- Clustering restaurants and shops can result in greater success. Smaller, independent restaurants may be the most compatible for Old Town. Larger chains like Anthony's would not be drawn to the area with current levels of activity; the Port would probably need to "give" them a site and associated parking at a below-market rate to create incentive (like Bremerton did).
- Other potential business opportunities could include:
  - Developing shared office space with wi-fi and/or high-speed internet access, where locally based telecommuters could rent shared space; this would allow workers to experience some of the social benefits of working in an office environment without commuting to their place of employment (Seattle, e.g.); the school district (Jenny-Wright) building could be one potential location
  - Medical service opportunities that could serve the large retiree population and take advantage of Harrison Memorial's new reputation as a great hospital and Olympic College's new program offering a Bachelors degree in nursing
- The Port could sponsor more events in Old Town to increase activity, such as;
  - Outdoor movies (seasonal)
  - A variety of boating shows, races, classes and/or other events
  - Kayaking and other water-oriented activities.
- The Port should identify potential sites for a centralized parking lot to support increased activity in the area. The school administration site would be a good location for a larger parking facility; maybe even a garage in the long term.
- A pedestrian only street mall may be appropriate for some of the streets in Old Town (McConnell, e.g.) but parking would need to be provided nearby. The Port could also work with the Transit Authority to set up a shuttle system (seasonal?) if activity increased significantly. (There is currently shuttle service from the mall to Old Town for events like the hydro races).
- The main pitfalls the Port should be aware of as they develop Old Town include:
  - The parking issue; it will only get worse as activity increases
  - Societal trends, including less travel and less social activity in the community.

***Stephane Yost, owner of Two Bits Barber Shop & Jeannee Renee, salon owner***

- The Port should work to protect/promote Old Town's unique historic character while encouraging new development. The Port should set the tone for new development in the area and promote the vision of a walkable, active community center. Elements could include;
  - Mixed use buildings of an appropriate scale and interesting design (similar to the new mixed-use development on Poulsbo Place)
  - A fountain or other centrally located feature (Bremerton has one)
  - Storefront beautification projects
  - A continuous sidewalk system (currently broken up by driveways)
  - Signage to illustrate Historic Walking Map elements

- Traffic calming measures like the new stop sign at Pacific and Byron are important; cars parked along the street sometimes block the view of drivers at the intersections which can be dangerous.
- As activity in the area increases, so will traffic and parking issues. Walking and biking should be encouraged. Consider making wider streets one-way with angled parking and closing some interior streets to vehicles to create a pedestrian only environment.
- New development should highlight the waterfront, which is the areas top amenity. Explore opportunities to establish a water connection between Bremerton and Silverdale (seasonal / weekend passenger ferries or tour boats like Argosy, e.g.). The Port has considered exploring a commuter ferry service between Bremerton and Silverdale, but associated parking can not be accommodated in Old Town.
- Silverdale's waterfront path is a great new feature but should be highlighted more by adding amenities like lighting, benches, and environmental / ecological exhibits. Bremerton's boardwalk from Evergreen Park to the Ferry Terminal is a good example.
- There should be more events and recreational activities in Old Town, like movie nights, theatre or concerts in the park (a set schedule with jazz, blues and classical shows during the week); classic car, bike and boat shows; more recreational boating opportunities and other family events. The farmer's market should be relocated to Old Town.
- Promote development of more restaurants, pubs and bistros. The bistro on Byron has been open for about three years and seems to be doing well; they have live music in the evenings which draws customers.
- Other appropriate businesses could include galleries and art studios, high-end gift shops (like McGregor's), coffee houses, an old style soda fountain, and possibly a museum highlighting the history of the area; there was a museum in Old Town, but they relocated to Bremerton because they needed a larger space and Bremerton provided incentives to draw them there.
- The school district building (Jenny-Wright) could be redeveloped as a center for art classes, galleries and studios for ceramics, glass blowing and other handcrafted products.
- Redevelop the end of Lowell Street into a wide, walkable and well lit area that highlights the waterfront.
- Identify and work with appropriate agencies to implement established goals;
  - Work with the Housing Authority to explore mixed-use opportunities
  - Work with Kitsap Transit to promote transit system use
  - Work with the Water District (?) to install pedestrian lighting
  - Work with the County to develop a parking plan

Port of Silverdale  
*Public Workshop #1 Results*  
**November 6, 2006**

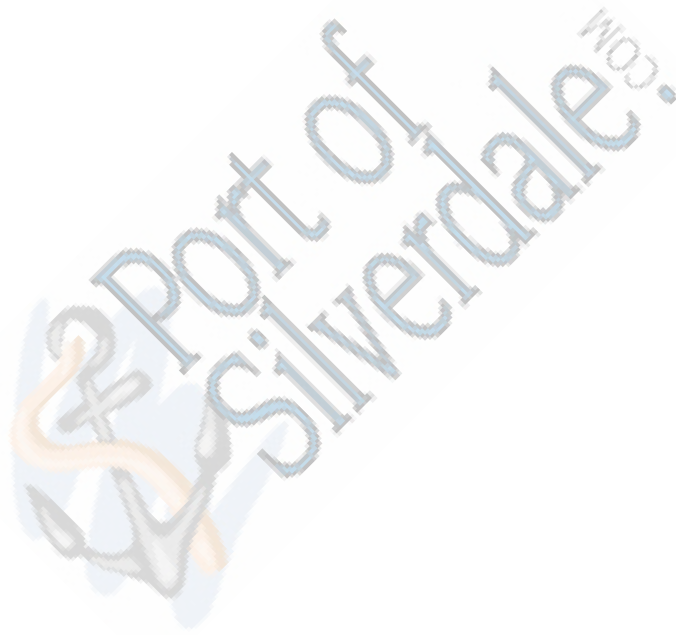
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Potential Port Goals: <span style="background-color: #90EE90; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> = Highest Priority	Tally
Pursue rehabilitation / preservation of existing buildings	1
Pursue construction of new mixed use buildings	2
Acquire waterfront properties	
Improve / expand moorage facilities	7
Develop new recreational opportunities (kayaking, sailing schools)	
Partner to sponsor more community events in Old Town	2
Encourage / improve pedestrian orientation (lighting, street furniture, landscaping)	7
Partner to develop centralized public parking	1
Acquire environmentally sensitive sites for restoration / protection	1
Pursue diversified economic opportunities outside of Old Town	1
Marketing – establish partnerships	5
Develop a waterfront promenade	8
Improve water quality	3
Help develop a theme / destination	2

Port of Silverdale  
*Public Workshop Attendees*

**November 6, 2006**

Name	Group / Business / Organization	Telephone	Email Address
Jon Pearson	CKCC	360-692-8383	<a href="mailto:inpears@hotmail.com">inpears@hotmail.com</a>
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Nadean Ross	905 NE Paulson Rd	360-692-6369	<a href="mailto:n.ross@wavecable.com">n.ross@wavecable.com</a>
Karen Best	5674 Chico Way NW	360-692-6486	
Mary Earl	3594 NW Byron #102	360-698-0522	<a href="mailto:ggrapex@yahoo.com">ggrapex@yahoo.com</a>



APPENDIX C

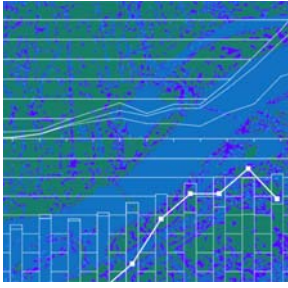
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## Socio-Economic Analysis

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# Port of Silverdale Comprehensive Plan

## Socio-Economic Analysis

Draft

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May 3, 2007



**BST Associates**

Market Research & Strategic Planning

# Trade Impact Study

## Table of Contents

Chapter One - Overview .....	2
Introduction .....	2
Initial Findings .....	2
Demographics .....	2
Commercial & Industrial Development.....	3
Recreational Boating.....	3
Population and Housing Trends.....	5
County Total .....	5
County Sub-Area .....	6
Employment .....	8
Kitsap County .....	8
Silverdale Area .....	9
Employment in Retail.....	9
Employment in Service – (Finance, Insurance, Real Estate & Other Services).....	10
Employment in Manufacturing.....	11
Employment in Wholesale Trade, Communications, Utilities (WTCU).....	12
Employment in Government & Education .....	12
Unemployment.....	13
Income.....	14
Retail Sales.....	15
Introduction.....	19
Supply of Developable Land.....	19
Industrial Space Demand.....	21
Industrial Space Conclusion .....	22
Commercial, Retail & Related Development.....	22
Supply of Commercial Space .....	23
Office Space Supply .....	23
Retail Space Supply.....	24
Demand for Commercial Space .....	25
Office Space Demand.....	25
Retail Space Demand .....	26

Commercial Space Conclusion .....	27
Introduction .....	28
Inventory of Moorage .....	28
Puget Sound Marinas .....	28
Future Development of Marinas.....	29
Competitive Summary .....	30
Demand for Moorage .....	30
Recreational Boat Fleet.....	31
Boat Sales .....	31
Permanent Slips .....	31
Demand for Permanent Slips.....	32
Marine Fuel.....	32
Marina Demand Conclusions.....	33
Marina Finance Considerations.....	33

**List of Tables**

Table 1 – Growth Rates and Central Silverdale Share of Population and Households .....	7
Table 2 – Source of Personal Income .....	15
Table 3 – Taxable Retail Sales Trends (\$ millions, adjusted to 2005 dollars).....	16
Table 4 – Taxable Retail Sales in Unincorporated Kitsap County By Category of Business (\$ millions, adjusted to 2005 dollars) .....	17
Table 5 – Vacant and Underutilized Commercial and /Industrial Land Unincorporated UGAs .....	20
Table 6 –Square Feet Services Space Located Within in Port of Silverdale Boundary.....	23
Table 7 –Square Feet of Retail Space Located Within in Port of Silverdale Boundary .....	25
Table 8 – Summary of Permanent Moorage Slips in Puget Sound.....	28
Table 9 – Kitsap County Marinas .....	29

**List of Figures**

Figure 1 – Population and Households Forecast for Kitsap County.....	5
Figure 2 – FAZ and Port District Map of Silverdale .....	6
Figure 3 – Population and Households Forecast for Silverdale & Surrounding FAZs.....	7
Figure 4 – Kitsap County Employment Growth Forecast.....	8
Figure 5 – Silverdale Area Employment Growth Forecast.....	9
Figure 6 –Employment Growth Forecast - Retail .....	10
Figure 7 –Employment Growth Forecast - Services .....	11
Figure 8 –Employment Growth Forecast - Manufacturing.....	11

Figure 9 –Employment Growth Forecast - WTCU..... 12

Figure 10 –Employment Growth Forecast - Government & Education ..... 13

Figure 11 –Unemployment History in Kitsap County and Washington State..... 14

Figure 12 – Personal Income Trends ..... 15

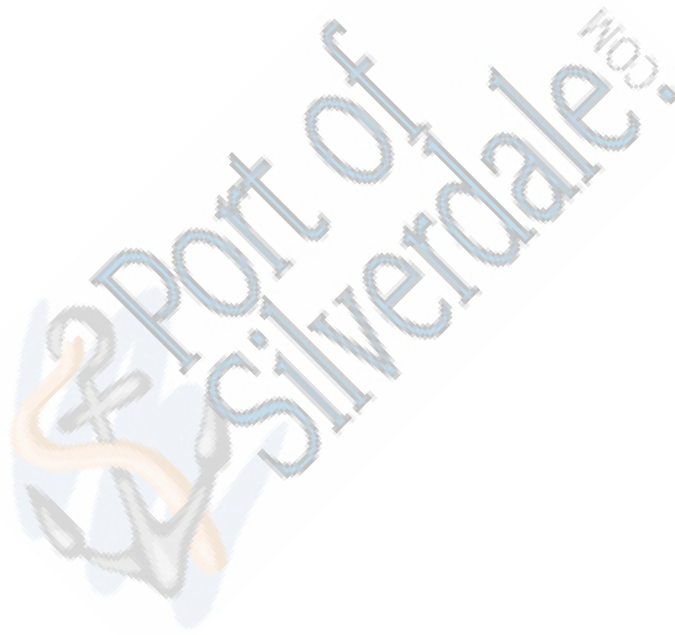
Figure 13 – Taxable Retail Sales Trends ..... 16

Figure 14 – Kitsap County Industrial Vacancy Trends..... 21

Figure 15 – Projected Job Growth in Silverdale - Industrial ..... 21

Figure 16 – Kitsap County Office Vacancy Trends..... 24

Figure 17 – Kitsap County Retail Vacancy Trends ..... 25



# Chapter One - Overview

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## Introduction

BST Associates was retained by the Port of Silverdale to assist in the development of a comprehensive plan. One of the primary roles of BST in this effort was to develop background information on the economy and demographics of the Silverdale area, and then to help determine the role that the Port of Silverdale can play in the community. The following document presents the results of this analysis.

The document is arranged into three sections:

- Chapter 2 provides background into Silverdale economy, including population trends and forecasts, and economic trends and forecasts.
- Chapter 3 provides analysis of the supply of and demand for different types of commercial property in the Silverdale area, including industrial land and industrial building space, commercial office space, and retail space.
- Chapter 4 provides an analysis of the recreational boating market in Kitsap County, focusing on the potential for the Port of Silverdale to invest in expanded boating facilities.

## Initial Findings

### *Demographics*

Between 1980 and 2000 the population of the Silverdale area more than doubled, climbing from 21,000 to nearly 49,000 and by 2020 the population is expected to exceed 62,000.

Government is currently the biggest source of jobs in Kitsap County, due mainly to the presence of the Navy. However, forecasts indicate that employment in the retail and services sectors is expected to grow much faster.

- In 1980 government and education accounted for 38.8% of all jobs in Kitsap County, while retail and services accounted for a total 34.4% of jobs. By 2000 government/education employment had fallen to 33.4%, while retail and services grew to 48.2%, or nearly half of all jobs.
- The number of people employed in government jobs is projected to continue growing through 2020 at an annual average rate of 0.5% to 1.0% per year, but these jobs will account for a declining share of total county employment. In contrast, retail employment is projected to grow between 1.0% and 1.4% per year on average, and service sector employment between 0.6% and 1.8% per year on average.
- The share of Kitsap County retail and service jobs that are located in the Silverdale area is expected to grow from 24.3% in 2000 to 25.2% by 2020.
- Between 1998 and 2005 total taxable retail sales in Kitsap County jumped from approximately \$1.0 billion to approximately \$1.7 billion, with most of the increase occurring in unincorporated parts of the county (note: Silverdale is unincorporated).
- Manufacturing is an important source of jobs in Kitsap County, but not in the Silverdale area. The sector is also expected to see little growth by the year 2020.

Unemployment in Kitsap County has tended to be less severe than in the rest of the state due to the high percentage of government (i.e. Navy) jobs in the county. Over the past 17 years the highest rates of unemployment in Kitsap County occurred between 1993 through 1995 (i.e. 6.2%), and between 2002 and 2003 (i.e. 7.0%). However, in 2006 the unemployment rate in Kitsap County was at its lowest point in 17 years, 4.7%

Per capita income in Kitsap County has lagged behind the state for much of the past three decades, but in recent years the gap has narrowed significantly. In both Kitsap County and in Washington the share of income that comes from wages and salaries has decreased while an increasing share has been generated by transfer payments (e.g. Navy pensions, Social Security) and dividends, interest, and rent. This underscores the importance of the growth in the senior population in both Kitsap County and Washington.

### ***Commercial & Industrial Development***

Vacancy rates for office space in Kitsap County, especially in the Silverdale area, have been declining for most of the past decade, although there has recently been an uptick in office vacancy. The demand for commercial space in Silverdale is strong, especially for office space to serve the fast-growing services industry. Employment growth projections for the Silverdale area indicate that as much as 575,000 square feet of additional office space may be needed between 2007 and 2020. The office market presents an attractive opportunity for the Port of Silverdale's Old Town properties.

Through most of the last two decades the vacancy rate for retail space in the Silverdale area has been very low. Construction of the Kitsap Mall in 1985 has led to Silverdale becoming the retail hub of Kitsap County. Retail employment is one of the fastest growing sectors of the Silverdale economy, and the projected job growth will lead to demand for an estimated 265,000 to 600,000 square feet of additional retail space between 2007 and 2020. Mixed use redevelopment of Port property in the Old Town area is likely to see demand from the retail sector as well as from the services sector.

Industrial development is a lower priority for the Port of Silverdale. Kitsap County currently has a large supply of vacant and underutilized industrial land, including 433 acres in unincorporated areas. Of this vacant industrial land, 159 acres is in the Silverdale UGA, along with 22 acres of underutilized industrial space. One factor that may impact the supply are a lack of sewers in the area, limiting the types of industrial uses on industrial property.

Despite the large supply of land, vacancy rates for developed industrial buildings in North Kitsap generally average between 4.5% and 7.5%. Based on historical patterns, the PSRC forecasts little growth in manufacturing employment. While there might be a role for the port to try to attract industrial jobs by developing industrial buildings because the private sector is not willing to, the reluctance of the private developers indicates that this type of development may present a higher risk to the Port than commercial development in Old Town.

### ***Recreational Boating***

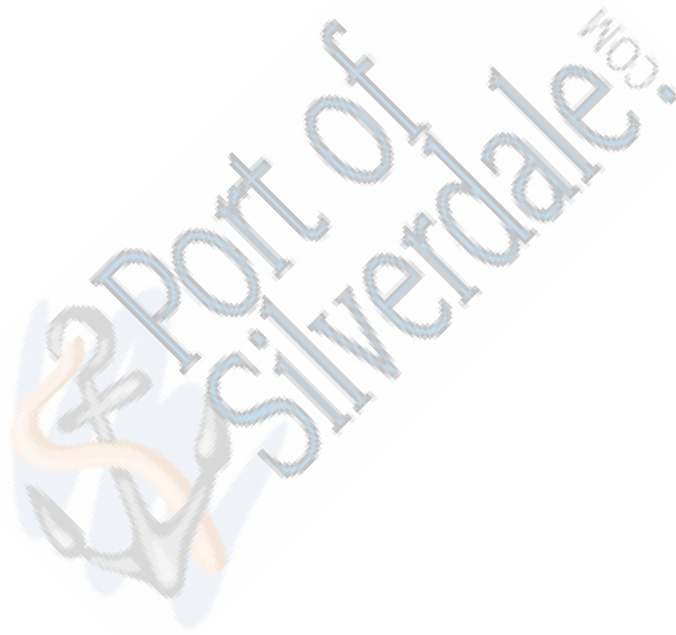
The Port of Silverdale operates a short-stay recreational dock but no long-term marina or marine fuel facility. This dock is popular for day trips and overnight stays during the boating season, which generally runs from Memorial Day through Labor Day. This dock is an important asset, and may be useful in attracting customers to existing and new business in a redeveloped Old Town. The Port should continue to maintain and promote this facility.

On the other hand, there is little need for the Port to pursue the construction of a permanent-moorage marina. While the demand for moorage in Kitsap County may grow by 50 slips per year over the next decade, the new downtown Bremerton marina and the reconstructed Seabeck marina will likely provide enough new moorage to satisfy this demand. There are also a number of other marina projects in various stages of feasibility analysis in the area.

In addition to the amount of competition in the moorage market, a new marina in Silverdale might prove to be financially risky for the Port of Silverdale. Moorage rates in Kitsap County are relatively low, while the construction costs for new marinas have been escalating rapidly.

A marine fueling facility is also likely to prove financially risky. The short boating season (Memorial Day to Labor Day) means that a marine fuel facility must generate sufficient sales over a four month period to cover 12 months worth of operation & maintenance costs as well as financing costs. In

addition, much of the boating activity in the area involves trailerable boats, which are able to fuel at gas stations that can charge a lower price than a marine fuel facility.



## Chapter Two – Socio-Economic Trends

An understanding of the development trends and characteristics of Kitsap County and the Silverdale area is critical to determining the context and opportunities for development at the Port of Silverdale. The following chapter evaluates several key variables that identify the development trends in the area, including:

- Population
- Employment
- Unemployment
- Income
- Retail Sales

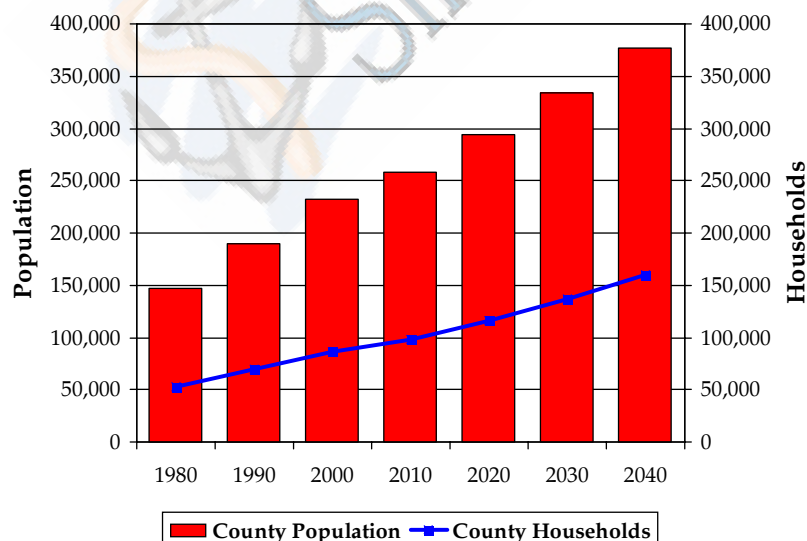
### Population and Housing Trends

#### County Total

According to forecasts from the Puget Sound Regional Council (PSRC), between 1980 and 2000 the population of Kitsap County grew by an average of more than 4,100 residents per year. After 2000 the rate of growth slowed, with an average of slightly less than 2,600 new residents per year, but from 2010 through 2020 growth is expected to accelerate.

The number of households in Kitsap County has grown slightly faster than the population, a trend which is expected to continue through 2020. The result of the difference in the growth rates of housing and population means that the average household size has dropped from 2.68 persons per household in 1980 to approximately 2.57 in 2007. The decline is projected to continue, with average household size dropping to 2.55 in 2010 and to 2.46 in 2020.

**Figure 1 – Population and Households  
Forecast for Kitsap County**



Source: PSRC

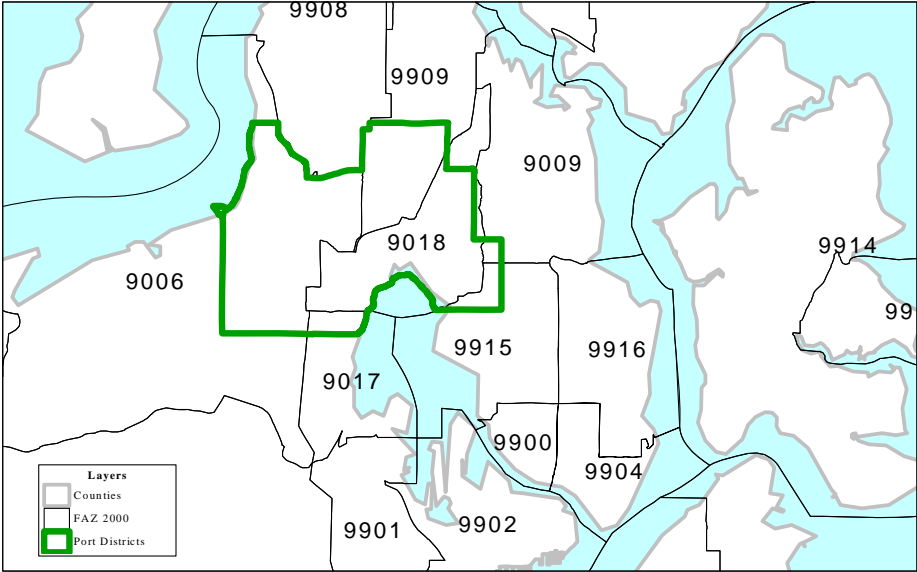


**County Sub-Area**

The Puget Sound Regional Council (PSRC) produces economic and demographic forecasts at the sub-county level. These forecasts divide counties into Forecast Analysis Zones, or “FAZs”, and provide the best source of information on the Silverdale area.

As shown in Figure 2, the Port of Silverdale, represented by the area shaded in green, encompasses most of FAZ 9018 as well as parts of several others.

**Figure 2 – FAZ and Port District Map of Silverdale**



Source: PSRC

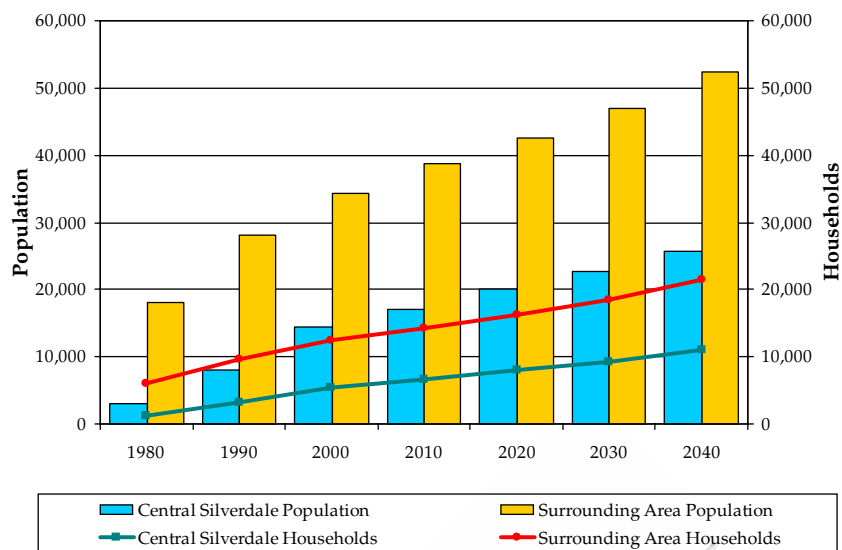
According to historical trends and forecasts from the PSRC, the central Silverdale area has experienced faster population growth than the surrounding area for more than two decades, and this pattern is expected to continue through the year 2020.

The combined population of central Silverdale (FAZ 9018) and the other FAZs that are partially in the Port of Silverdale district grew from slightly more than 21,000 in 1980 to nearly 49,000 in 2000. Between 1980 and 1990 the population grew by an average of 5.5% per year, and between 1990 and 2000 the population grew by an average of 3.1% per year.

The population of these surrounding FAZs is projected to continue growing through 2020, albeit at a much slower rate. Between 2000 and 2010 the annual growth rate is projected to average 1.3% per year, and from 2010 through 2020 is projected to average between 1.1% and 1.2% per year. The total population is projected to reach more than 62,500 in 2020.

In central Silverdale the population grew at an average annual rate of 10.6% between 1980 and 1990, as the number of residents jumped from fewer than 3,000 to more than 8,100. Between 1990 and 2000 the growth rate slowed to 6.0% per year. However, the number of residents grew by more in that decade (6,400) than during the previous decade (5,100).

**Figure 3 – Population and Households  
Forecast for Silverdale & Surrounding FAZs**



Source: PSRC

From 2000 through 2020 the PSRC forecast average annual growth of 1.6% in central Silverdale, with the population growing to approximately 17,000 in 2010 and 20,000 in 2020, or by approximately 300 new residents per year in central Silverdale.

**Table 1 – Growth Rates and Central Silverdale Share of  
Population and Households**

Year	Population				Households			
	Central Silverdale (FAZ 9018)	Surrounding Area	Total	Silverdale Share	Central Silverdale (FAZ 9018)	Surrounding Area	Total	Silverdale Share
1980	2,954	18,131	21,085	14.0%	1,111	6,100	7,211	15.4%
1990	8,111	28,036	36,147	22.4%	3,184	9,618	12,802	24.9%
2000	14,500	34,371	48,871	29.7%	5,451	12,354	17,805	30.6%
2010	17,024	38,686	55,710	30.6%	6,531	14,198	20,729	31.5%
2020	20,039	42,498	62,537	32.0%	7,968	16,194	24,162	33.0%
2030	22,642	46,963	69,605	32.5%	9,326	18,560	27,886	33.4%
2040	25,702	52,419	78,121	32.9%	10,959	21,467	32,426	33.8%
Average Annual Growth Rate								
1980-1990	10.6%	4.5%	5.5%		11.1%	4.7%	5.9%	
1990-2000	6.0%	2.1%	3.1%		5.5%	2.5%	3.4%	
2000-2010	1.6%	1.2%	1.3%		1.8%	1.4%	1.5%	
2010-2020	1.6%	0.9%	1.2%		2.0%	1.3%	1.5%	
2020-2030	1.2%	1.0%	1.1%		1.6%	1.4%	1.4%	
2030-2040	1.3%	1.1%	1.2%		1.6%	1.5%	1.5%	

Source: BST Associates, PSRC

Because of the faster growth in FAZ 9018 than in the surrounding FAZs, central Silverdale's share of the population grew from 14.0% in 1980 to nearly 30% in 2000, and is projected to reach 32% by 2020.

The growth in households has shown a pattern similar to that of population: central Silverdale has grown from a smaller base but at a much faster rate. As a result, the share of households in central Silverdale jumped from 15.4% in 1980 to 30.6% in 2000. Continued stronger growth in this FAZ when compared to the surround area will cause this share to continue to grow, reaching 33.0% by 2020.

## Employment

### Kitsap County

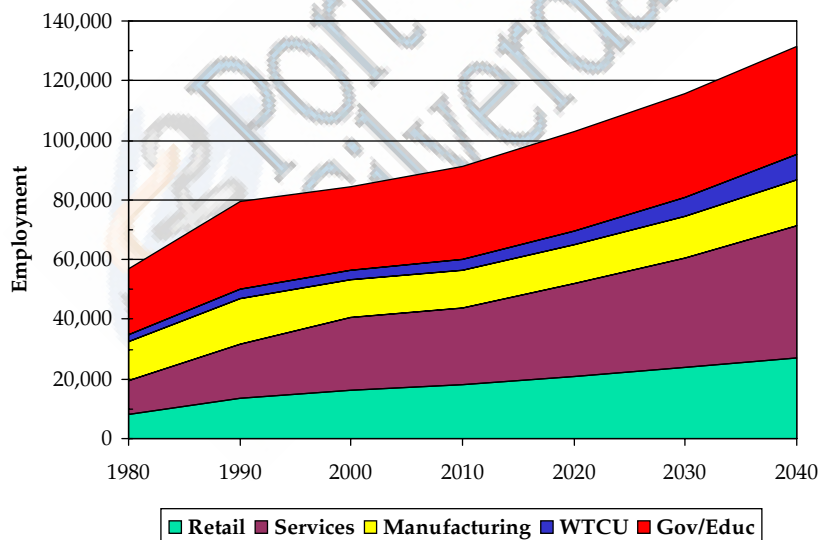
Government is currently the biggest source of jobs in Kitsap County, due mainly to the presence of the Navy. However, forecasts from the Puget Sound Regional Council indicate that employment in the retail and services sectors is expected to grow much faster.

In 1980 there were an estimated 22,000 jobs in government and education in Kitsap County, which accounted for 38.8% of all jobs. Retail accounted for 8,200 jobs and services 11,300 jobs; combined, these two sectors accounted for 34.4% of employment.

By 2000 government/education employment had grown to 28,300 jobs, while retail jumped to 16,500 and services to 24,300. In that year government's share of employment fell to 33.4%, while the share of jobs accounted for by retail and services grew to 48.2%, or nearly half of all jobs.

Government employment is projected to continue growing through the year 2020 at an annual average rate of 0.8% per year. In contrast, employment in both the retail sector and services sector are projected to grow by 1.2% per year on average through 2020.

**Figure 4 – Kitsap County Employment Growth Forecast**



Note: "WTCU" is wholesale trade, transportation, communications, and utilities  
Source: PSRC

In terms of jobs, government employment is expected to grow by approximately 250 jobs per year through 2020, retail by 220, and services by 330 jobs per year. Most of the government job growth is expected to occur early in the forecast period, while employment in retail and services is expected to accelerate as time goes on.

Another sector that has seen strong growth is WTCU (wholesale trade, transportation, communications, and utilities), although total employment in the sector is low relative to the three major sectors. Employment in the WTCU sector increased from 2,000 jobs in 1980 to more than 3,200 jobs in 2000, representing average growth of 2.4% per year. Continued strong growth is projected by the PSRC,

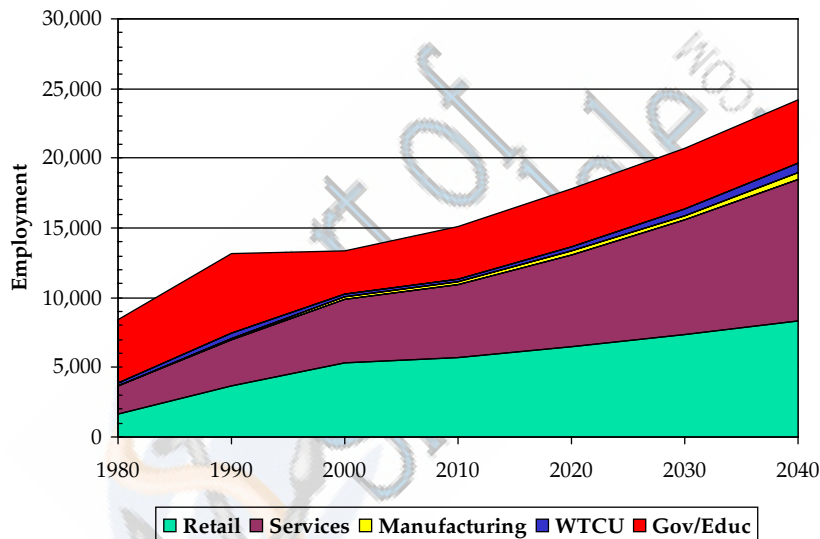
averaging nearly 2.0% per year through 2020, and with the number of jobs growing approximately 75 per year.

Manufacturing is an important source of jobs in Kitsap County, but does not appear to have much prospect for growth. According to figures from the PSRC, manufacturing employment growth has been non-existent in Kitsap County in recent years, although some recovery is projected. Between 1980 and 1990 the number of manufacturing jobs grew by 2,200, but between 1990 and 2000 they fell by 3,100. Growth in manufacturing in Kitsap County is projected to grow slowly through the current decade, and then accelerate somewhat through 2020.

### Silverdale Area

The retail sector in the Silverdale area experienced tremendous growth between 1980 and 2000, largely due to the construction of Kitsap Mall and other nearby stores. The number of jobs in retail grew from less than 1,700 in 1980 to more than 5,300 in 2000. Total job growth for the Silverdale area was slightly more than 4,800 jobs during that period, and retail accounted for more than 3,600 of these, or more than 75%.

**Figure 5 – Silverdale Area Employment Growth Forecast**



Source: PSRC

The services sector also grew strongly between 1980 and 2000, adding more than 2,500 jobs. Employment in manufacturing and in wholesale trade, communications, and utilities remained essentially unchanged, while the number of jobs in government and education actually declined by 1,500.

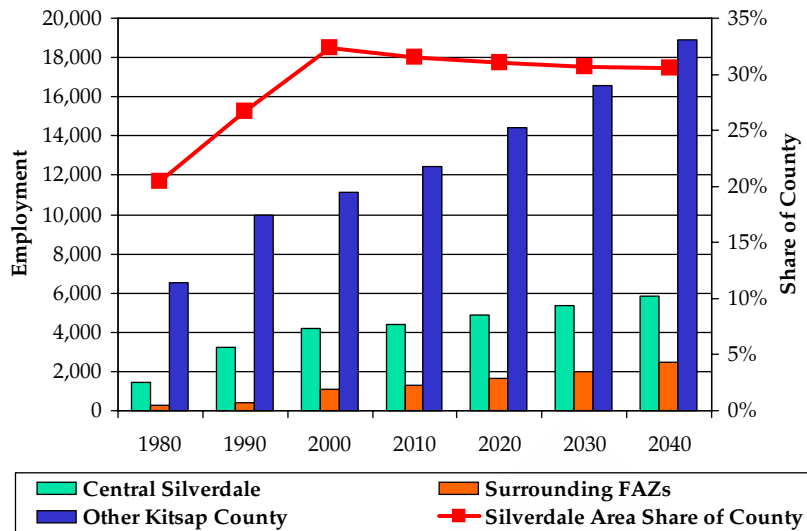
Each of these sectors is discussed in more detail below.

### Employment in Retail

As described above, retail employment tripled between 1980 and 2000 due to the construction of the Kitsap Mall and other retail space. The share of total jobs accounted for by the retail sector jumped from 20% in 1980 to 32% in 2000.

Most of the Silverdale-area retail jobs are currently located in the central Silverdale FAZ (FAZ 9018). PSRC forecasts indicate that from 2000 through 2020 retail employment growth will be split relatively evenly between central Silverdale and the surrounding FAZs, but central Silverdale is expected to continue to account for most of these jobs in 2020.

**Figure 6 –Employment Growth Forecast - Retail**



Source: PSRC

Retail job growth is not expected to increase at the rates seen between 1980 and 2000. An average of 60 new retail jobs area projected each year for the Silverdale area 2020, split relatively evenly between central Silverdale and the surrounding FAZs.

Other parts of Kitsap County are expected to grow at a slightly faster pace than the Silverdale area, which will cause Silverdale’s share of countywide retail employment to fall slowly through the forecast period, from a high of 32.4% in 2000 to 31.0% in 2020.

Growth in the retail sector is important to note in planning the future of the Port of Silverdale.

#### Employment in Service – (Finance, Insurance, Real Estate & Other Services)

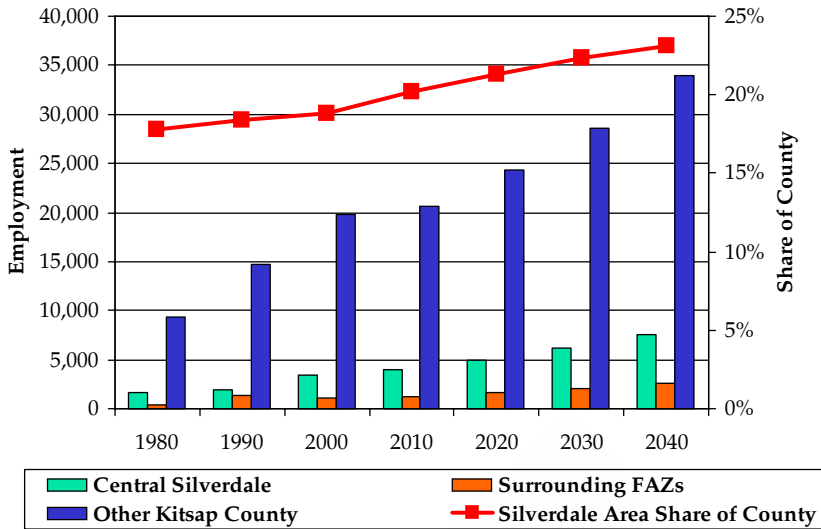
The services sector (finance, insurance, real estate & other services) has been the other major source of job growth in the Silverdale area. The share of all jobs in the area accounted for by the retail and services sector grew from 38.3% in 1980 to 51.1% in 2000, with retail accounting for 3,600 new jobs and services 2,500. From 2000 through 2020, however, employment in services is projected to grow much faster than retail.

PSRC projections show that between 2000 and 2020 the services sector in the Silverdale area will add more than 2,000 new jobs, in contrast to the 1,200 new retail jobs. Over the long run an additional 100 service jobs are projected to be added each year.

Most of the growth in the services sector is forecast to occur in FAZ 9018, central Silverdale. This FAZ had service employment of approximately 3,400 in 2000, while the surround FAZ’s had 1,100. Between 2000 and 2020 job growth is projected to average approximately 80 per year in central Silverdale and 24 in surrounding FAZs.

The share of Kitsap County service sector jobs that are located in the Silverdale area grew slowly between 1980 and 2000, but this growth in market share is projected to accelerate between 2000 and 2040. In 1980 the Silverdale area had less than 18% of county service jobs. This share climbed to nearly 19% in 2000, and is projected to exceed 21% by 2040.

**Figure 7 –Employment Growth Forecast - Services**



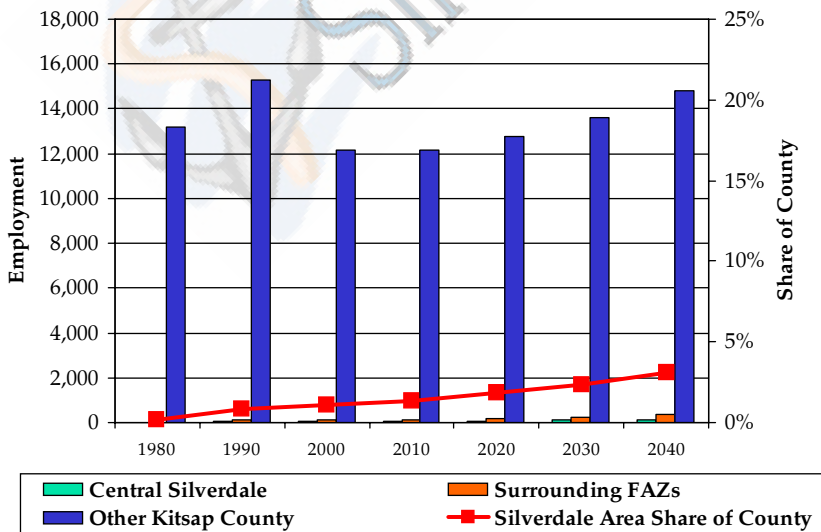
Source: PSRC

Increasing demand for office space created by the growth in the service sector has important implications for the Port of Silverdale, especially in regard to the Old Town property.

**Employment in Manufacturing**

Manufacturing accounts for very little employment in the Silverdale area, and this is not expected to change substantially between 2000 and 2020. In 2000 there were only 141 manufacturing jobs in the Silverdale area, accounting for only 1.1% of all manufacturing employment in the county.

**Figure 8 –Employment Growth Forecast - Manufacturing**



Source: PSRC

By 2020 employment in manufacturing in the Silverdale area is projected to grow to just 230 jobs. While this increase in jobs may represent a substantial rate of growth in the manufacturing sector, the additional 88 jobs account for only 3% of projected job growth in the area. By 2020 Silverdale will account for less than 2.0% of all manufacturing employment in the county.

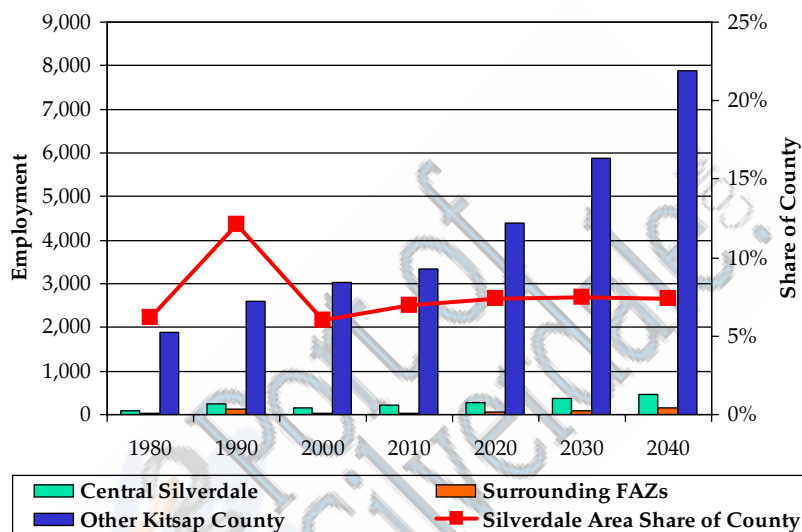
The weak growth in manufacturing indicates that this market presents a poor prospect for the Port of Silverdale.

### Employment in Wholesale Trade, Communications, Utilities (WTCU)

Employment in wholesale trade, communications, and utilities (WTCU) is expected to grow steadily in Kitsap County through the year 2020, and the Silverdale share of this growth should remain steady. However, any growth in employment that occurs will be from a very low base, so the total number of jobs added will be small when compared with retail and services.

The Silverdale area had an estimated 193 WTCU jobs in 2000, and accounted for 7.0% of the county total. By 2020 the Silverdale area is projected to account for 7.4% of total county employment, with a total of 350 jobs.

**Figure 9 –Employment Growth Forecast - WTCU**



Note: "WTCU" is wholesale trade, transportation, communications, and utilities  
Source: PSRC

While the Silverdale area has relatively little employment in the WTCU sector, to the extent that these jobs are located in office space similar to that of the service sector they may contribute to the demand for office space. This additional demand for office space is relevant to the Port of Silverdale.

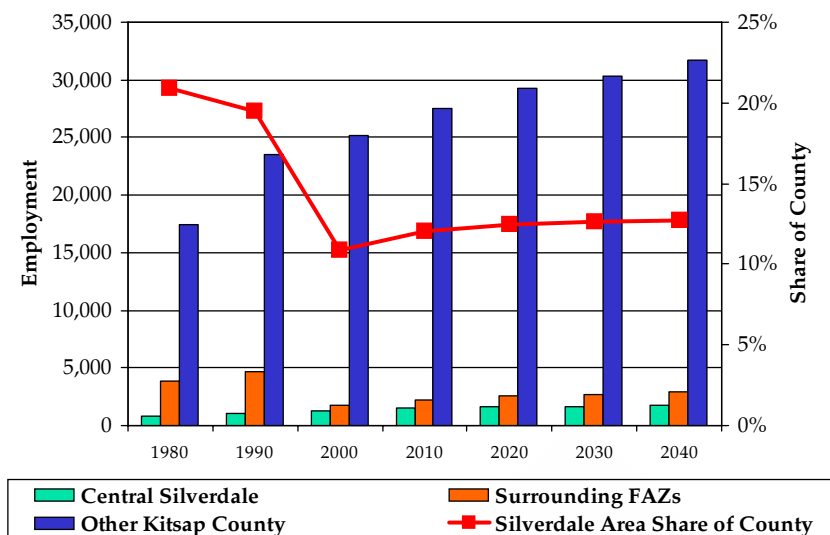
### Employment in Government & Education

The Silverdale area experienced a sharp drop in government jobs between 1980 and 2000. This drop was especially pronounced between 1990 and 2000, when the FAZs surrounding central Silverdale lost nearly 3,000 jobs. At the same time government employment in central Silverdale (FAZ 9018) actually grew, from 783 jobs in 1980 to 1,314 jobs in 2000.

From 2000 through 2020 government employment in both central Silverdale and the surround FAZs is projected to grow slowly. Central Silverdale is expected to see an average of 14 new government/education jobs each, while the surrounding area is projected to add 40 new jobs per year.

As with jobs in WTCU, these new government jobs may create demand for additional office space, which in turn may provide additional market for the Port of Silverdale development in

**Figure 10 –Employment Growth Forecast - Government & Education**



Source: PSRC

## Unemployment

Unemployment in Kitsap County has tended to be less severe than in the rest of the state. Although the unemployment rate in both the state and Kitsap County tends to follow the same pattern, peak unemployment rates in Kitsap County tend to be 0.5 to 1.0% lower than in the rest of the state.

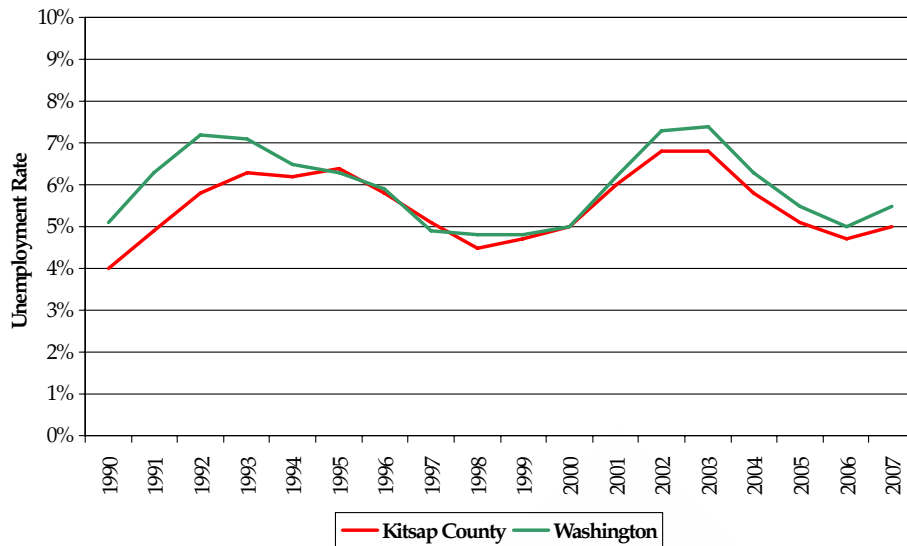
The lower unemployment rates in Kitsap County are likely due to the high percentage of government jobs in the county. These jobs, especially Navy jobs, tend to be insulated from economic downturns more than private-sector jobs.

Between 1990 and early 2007 the unemployment rate in Kitsap County peaked between 1993 through 1995 at approximately 6.2%, and between 2002 and 2003 at nearly 7.0%. In Washington state the peaks occurred from 1992 through 1993 (7.1%) and from 2002 through 2003 (7.4%).

In 2006 unemployment rates in both Kitsap County and Washington state were nearly at their lowest points in the last 17 years, with Kitsap County's rate at 4.7% and Washington's at 5.5%. Rates were last this low in 1990 and from 1997 through 2000.



**Figure 11 –Unemployment History in Kitsap County and Washington State**



Source: WA State Employment Security Dept

## Income

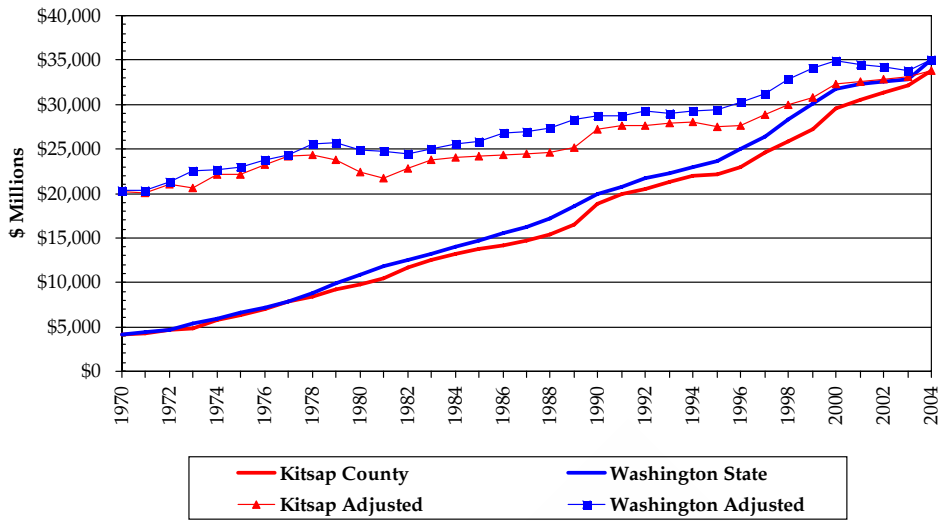
Kitsap County per capita income was the same as the state average in 1970 but lagged behind the state for much of the time since then. However, in recent years the gap narrowed significantly.

When adjusted for inflation (using a 2004 base year) both Kitsap County and state personal income grew steadily over the long term, with Kitsap County's income growing an average of 1.5% per year and Washington's by 1.6% per year. Both areas experienced declines in inflation-adjusted income in the late 1970's. Kitsap County also saw a small drop in 1995 and 1996 that did not also occur statewide, while the statewide average dropped in 2001, 2002 and 2003, a drop that was not seen in Kitsap County.

Kitsap County average personal income was an inflation-adjusted \$20,234 in 1970, nearly identical to the state average of \$20,404. By 1980 the statewide average was 10% higher than in Kitsap County, \$24,832 vs. \$22,466. By 1990 the difference had dropped to slightly more than 5% (\$28,711 vs. \$27,263, but by 2000 the difference had grown again, to nearly 8% (\$34,861 vs. \$32,353). However, the difference dropped quickly between 2000 and 2004, to just 3.5%. Average personal income in 2004 was \$22,865 in Kitsap County and \$35,041 in Washington.

Personal income comes primarily from three sources, namely wage and salary income, transfer payments (such as Navy pensions and Social Security), and dividends/interest/ rent. Kitsap County and the rest of the state have witnessed a decline in the share of income that comes from wages and salaries. In 1970, this source contributed nearly 78% to total personal income in Kitsap County and nearly 76% in Washington State. By 2004, however, wages and salaries generated slightly less than 71% of total personal income in Kitsap County and 69% in the state. The share of income contributed by dividends, interest, and rent climbed from 14.0% to 16.6% in Kitsap County, and from 14.1% to 17.9% in Washington. This is primarily a function of the growing number of retired residents in the county.

**Figure 12 – Personal Income Trends**



Source: Bureau of Economic Analysis

The increase in the share of personal income contributed by non-wage sources underscores the importance of the growth of the senior population both in Kitsap County and in Washington.

**Table 2 – Source of Personal Income**

Item	1970	1980	1990	2000	2004
<b>Kitsap County</b>					
Wage & Salary	77.8%	74.1%	71.6%	68.8%	70.7%
Dividends, interest, and rent	14.0%	16.3%	19.0%	19.8%	16.6%
Transfer payments	8.2%	9.7%	9.5%	11.4%	12.7%
<b>Washington State</b>					
Wage & Salary	75.8%	73.1%	68.3%	69.7%	68.9%
Dividends, interest, and rent	14.1%	16.0%	19.8%	18.4%	17.9%
Transfer payments	10.0%	10.9%	11.9%	11.9%	13.1%

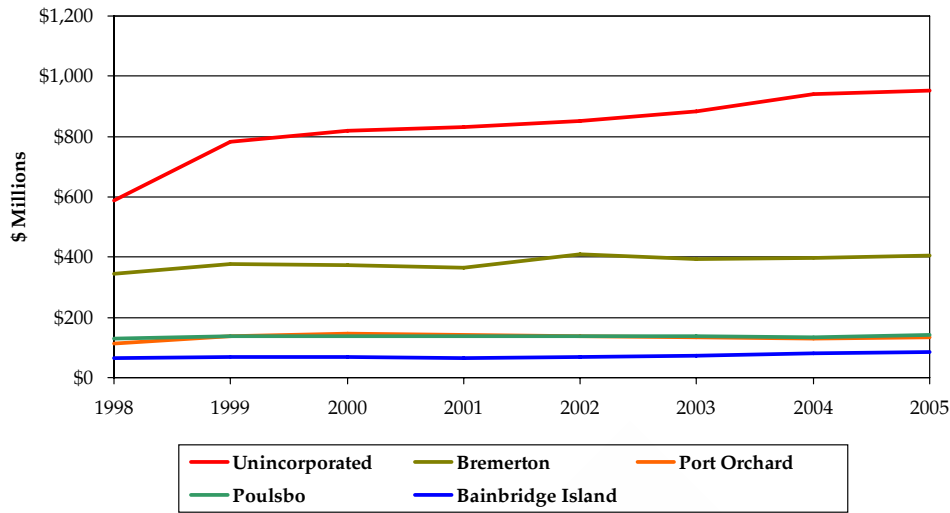
Source: BST Associates, Bureau of Economic Analysis

## Retail Sales

Taxable retail sales (which include all retail items with the exception of non-taxable sales of food and drugs) are also a good indicator of the vitality of an area. In Kitsap County most taxable retail sales occur in unincorporated parts of the county, as illustrated in Figure 13.

When adjusted to 2005 dollars, between 1998 and 2005 total taxable retail sales in Kitsap County jumped from approximately \$1.2 billion to approximately \$1.7 billion. More than two-thirds of the increase in sales occurred in unincorporated parts of the county, including Silverdale.

**Figure 13 – Taxable Retail Sales Trends**



Source: WA State Department of Revenue

In Kitsap County taxable retail sales grew by an annual average rate of 4.7% from 1998 through 2005, which is a very strong growth rate and much faster than the population growth rate. In contrast, taxable retail sales in Washington state grew by an average of 2.0% per year during the same period

The fastest growth in retail sales occurred in unincorporated parts of the county, where annual growth was 7.2 % per year. Growth was slowest in Poulsbo, averaging 1.0% per year, while in both Bremerton and Port Orchard growth averaged 2.2% to 2.3% per year.

**Table 3 – Taxable Retail Sales Trends  
(\$ millions, adjusted to 2005 dollars)**

Region	1998	2005	AAGR
Unincorporated	\$588	\$1,071	8.9%
Bremerton	\$402	\$451	1.7%
Port Orchard	\$134	\$154	2.0%
Poulsbo	\$150	\$157	0.7%
Bainbridge Island	\$76	\$96	3.4%
Kitsap County	\$1,418	\$1,891	4.2%
Washington	\$46,777	\$51,932	1.5%

Source: WA State Department of Revenue

General merchandise stores such as Wal-Mart account for the largest share of taxable retail sales in Kitsap County, but the rate of growth of these stores was less than the overall county average between 1998 and 2005. Total county taxable retail sales grew at an average annual rate of 10.0% per year, while sales at general merchandise stores grew by 7.7% per year. Because of the slower rate of growth for general merchandise stores, their share of total county taxable retail sales dropped from 47% in 1998 to slightly more than 40% in 2005.

In contrast, building material & gardening stores, such as Home Depot, accounted for the second largest share of sales, but these sales grew much faster than the county average. Sales growth at these stores averaged 16.1% per year from 1998 through 2005, and their share of county taxable retail sales jumped from 8.8% in 1998 to 15.4% in 2005.

**Table 4 – Taxable Retail Sales in Unincorporated Kitsap County  
By Category of Business (\$ millions, adjusted to 2005 dollars)**

Category	1998	Share of Total	2005	Share of Total	AAGR
Motor Vehicle and Parts Dealers	\$34.4	5.3%	\$55.7	5.2%	7.1%
Furniture and Home Furnishings Stores	\$21.3	3.2%	\$20.4	1.9%	-0.6%
Electronics and Appliance Stores	\$32.1	4.9%	\$65.3	6.1%	10.7%
Building Material and Garden Equipment and Supplies Dealers	\$57.7	8.8%	\$164.4	15.4%	16.1%
Food and Beverage Stores	\$31.9	4.9%	\$40.8	3.8%	3.6%
Health and Personal Care Stores	\$12.1	1.8%	\$15.4	1.4%	3.6%
Gasoline Stations	\$10.9	1.7%	\$14.5	1.4%	4.1%
Clothing and Clothing Accessories Stores	\$36.8	5.6%	\$55.4	5.2%	6.0%
Sporting Goods, Hobby, Book, and Music Stores	\$35.1	5.3%	\$55.7	5.2%	6.8%
General Merchandise Stores	\$273.4	41.7%	\$383.3	35.8%	4.9%
Miscellaneous Store Retailers	\$34.3	5.2%	\$64.2	6.0%	9.4%
Nonstore Retailers	\$6.1	0.9%	\$18.7	1.7%	17.3%
Food Services and Drinking Places	\$69.7	10.6%	\$116.7	10.9%	7.6%
Total	\$655.7	100.0%	\$1,070.5	100.0%	7.3%

Source: BST Associates, WA State Department of Revenue data

Three other types of retailers saw faster than average rates of growth during this period, albeit from lower starting points. These included: electronics and appliance store (13.6% AAGR), miscellaneous store retailer (12.2%), and nonstore retailers (20.3%).

Electronics retailers tend to be out of scale for the Old Town, and typically have larger stores with large parking lots, or are located in malls. According to data from Dun & Bradstreet, electronics retailers currently located in Silverdale include:

- Radio Shack (Radioshack Corporation)
- Nuts About Hi-FI (U2 Inc)
- Magnolia Hi-FI (Magnolia Audio Video)
- Printer Specialist (Lasertech Northwest)
- Software Design
- Computer Renaissance (Marine Services Inc)
- Eb Games 397 (Gamestop Inc)
- Software Etc 1013 (Gamestop Inc)

Miscellaneous store retailers include include stores with unique characteristics like florists, used merchandise stores, and pet and pet supply stores as well as other store retailers. Some of the stores in this category typically have big-box stores or are located in malls, and are not appropriate for Old Town. Examples in Silverdale include:

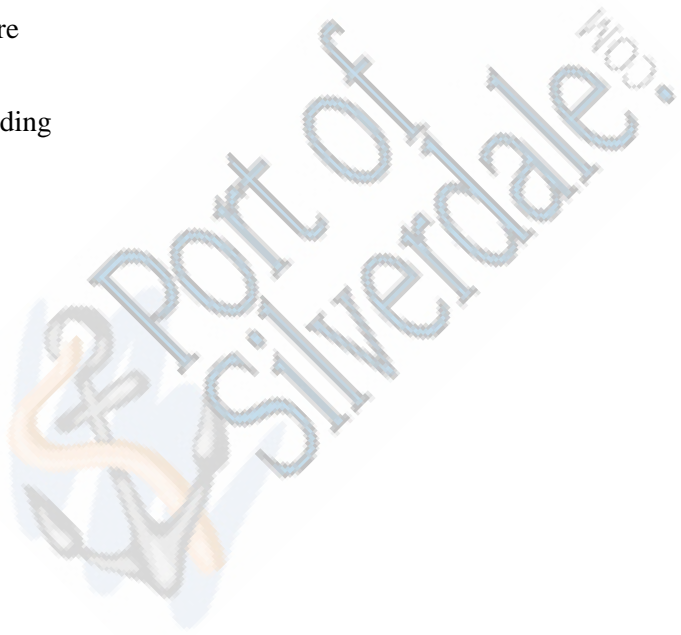
- Office Depot (Office Depot Inc)
- Petsmart (Petsmart Inc)
- Bath & Body Works 151 (Bath & Body Works Inc)
- Disney (Hoop Retail Stores LLC)
- AT&T (New Cingular Wireless Svcs Inc)
- McBride Hallmark Shop (Mc Brides Cards & Gifts Inc)

However, others in this category might be of the appropriate scale for Old Town. Examples of these include:

- Material Girls Quilt Shop
- Kitsap Audiology
- Pattern & Depression Glassware
- Spooner House Antiques
- OHara Collectibles
- Mikes Coins

Industries in the Nonstore Retailers subsector include mail-order houses, vending machine operators, home delivery sales, door-to-door sales, party plan sales, electronic shopping, and sales through portable stalls (e.g., street vendors, except food). Establishments engaged in the direct sale (i.e., nonstore) of products, such as home heating oil dealers, newspaper delivery are included in this subsector. Some of these businesses may be an appropriate target market for retail or office space in Old Town Silverdale. A sample of non-store retailers currently located in Old Town includes:

- Ash Grove Audiobook Exchange
- Sensaria Body Care
- Hello Dollie
- Morning Star Vending
- Alltime Vending.



# Chapter Three – Industrial & Commercial Development

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## Introduction

The following chapter evaluates the demand for a various land uses, including:

- Industrial
- Retail/commercial
- Recreation (Marina & Fuel Dock)

## Supply of Developable Land

Industrial development is one of the primary roles that a port district can play in the state of Washington. Port districts commonly develop industrial parks in order to attract tenants who will create good-paying jobs to a community. In Kitsap County the Port of Bremerton has been the most active in this kind of development.

As part of the process for developing this Comprehensive Plan the potential for the Port of Silverdale entering the industrial market was investigated. As demonstrated below, there does not appear to be a strong need for the Port to enter the industrial land business.

The Silverdale Urban Growth Area (UGA) has more than 200 acres of vacant commercial and industrial land, according to the *Kitsap County 2005 Updated Land Capacity Analysis*. Of this total nearly 80% (i.e, 159 acres) is zoned for industrial use. (see Table 5 on the following page)

Countywide there is a total of 479 acres of vacant commercial and industrial land, of which the Silverdale UGA accounts for nearly 42%. Nearly 45% of this vacant land is zoned for industrial, and 75% of this vacant industrial land, or 159 acres, is in the Silverdale UGA.

In addition to the vacant industrial land Kitsap County also has an equal amount of industrial space that is underutilized. Most of this underutilized industrial space (i.e. 185 acres) is located in the South Kitsap Industrial Park, but only 22 acres in the Silverdale UGA.

In total Kitsap County has 433 acres of vacant and underutilized industrial land, of which 181 acres, or 42% of the total, is in Silverdale.

Vacancy rates for industrial buildings (as opposed to developable land) in North Kitsap have generally been quite low since late 2001. Since that time the rate has generally averaged less than 5%, although in recent periods that increased to as much as 7.6%.

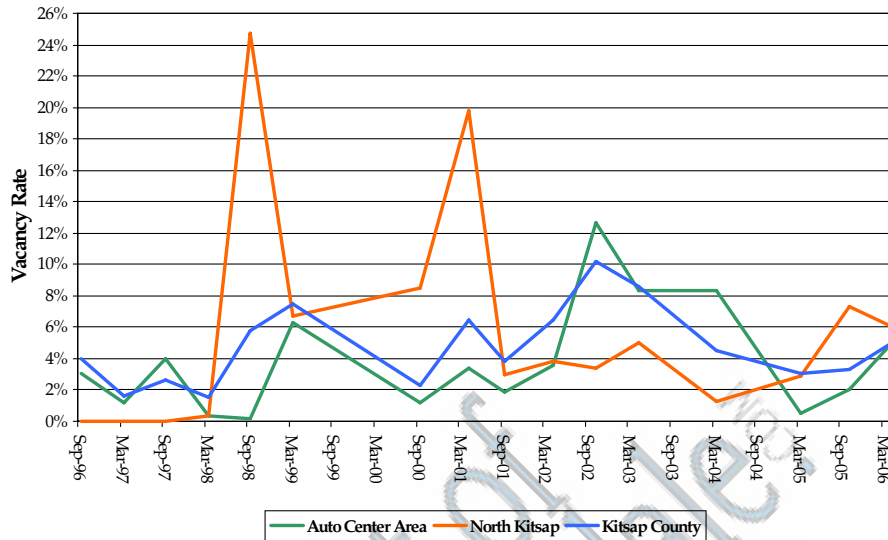
**Table 5 – Vacant and Underutilized Commercial and /Industrial Land  
Unincorporated UGAs**

	Highway Tourist Comm.	Neighbor- hood Comm.	Urban Comm.	Regional Comm.	Business Park	Business Center	Indust.	Urban Village Center	Vacant Total
<b>Vacant</b>									
Bremerton East	2	-	-	-	-	-	-	-	2
Bremerton West	2	-	-	-	-	-	4	-	6
Central Kitsap	33	5	-	-	-	-	-	-	37
Gorst	4	-	-	-	-	-	-	-	4
Kingston	11	-	-	-	-	-	5	-	17
Port Orchard	57	4	-	-	-	-	2	-	63
Silverdale	-	2	-	23	17	-	159	-	201
SK Industrial Park	-	-	-	-	-	107	43	-	150
Total*	108	10	-	23	17	107	213	-	479
<b>Underutilized</b>									
Bremerton East	1	0	-	-	-	-	-	-	1
Bremerton West	2	-	-	-	-	-	1	-	4
Central Kitsap	10	1	-	-	-	-	5	-	16
Gorst	7	-	-	-	-	-	1	-	8
Kingston	6	-	-	-	-	-	-	2	9
Port Orchard	51	1	-	-	-	-	5	-	56
Silverdale	-	5	-	34	8	-	22	-	69
SK Industrial Park	-	-	-	-	-	582	185	-	767
Total*	78	6	-	34	8	582	220	2	930
<b>Total</b>									
Bremerton East	3	0	-	-	-	-	-	-	3
Bremerton West	4	-	-	-	-	-	5	-	9
Central Kitsap	43	5	-	-	-	-	5	-	53
Gorst	11	-	-	-	-	-	1	-	12
Kingston	18	-	-	-	-	-	5	2	25
Port Orchard	107	5	-	-	-	-	7	-	119
Silverdale	-	7	-	56	26	-	181	-	270
SK Industrial Park	-	-	-	-	-	689	228	-	917
Total*	186	17	-	56	26	689	433	2	1,409

Source: Kitsap County 2005 Updated Land Capacity Analysis

For most of the period since late 2001 the industrial building vacancy rate in North Kitsap County was substantially lower than either the county average or in the Auto Center Area. The recent run-up in vacancy rates in North Kitsap coincided with decreasing vacancy in these other areas, causing the North Kitsap rate to exceed the others. In general, though, vacancy rates for industrial space in Kitsap County are low.

**Figure 14 – Kitsap County Industrial Vacancy Trends**

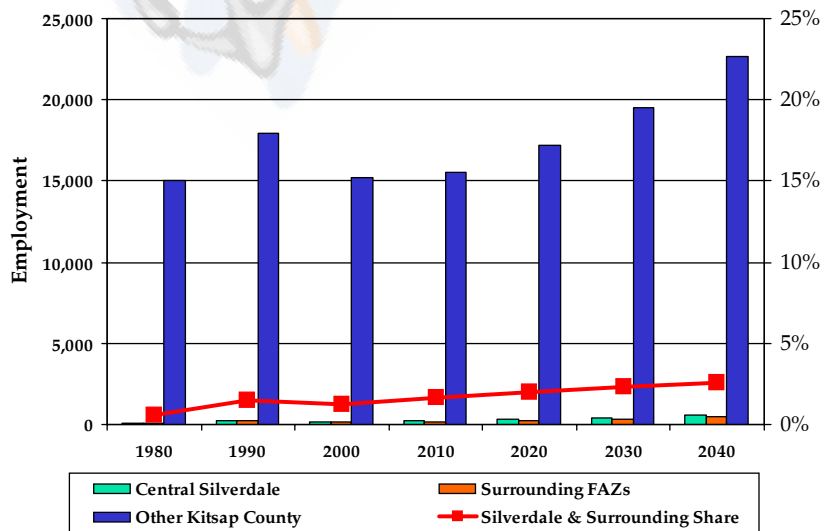


Source: Bradley Scott, Inc

### Industrial Space Demand

Demand for industrial space is typically related to the manufacturing industry and the WTCU (wholesale trade, transportation, communications, utilities). As discussed earlier in this document, employment in these industry sectors is very low in the Silverdale area, and is not projected to increase significantly in the long run.

**Figure 15 – Projected Job Growth in Silverdale - Industrial**



Source: PSRC



Figure 14 shows that the Silverdale area had only 334 industrial jobs in 2000. The jobs total projected to grow to just 1,105 jobs by 2040, or an addition of approximately 20 jobs per year. Kitsap County is expected to see industrial employment grow by nearly 7,500 jobs between 2000 and 2040, and the Silverdale is not expected to account for more than 3% of the total by 2040.

Data from the Kitsap County Assessor show that Silverdale currently has approximately 500,000 square feet of industrial buildings, including light manufacturing, light utility/storage, warehouse, and small shop space. Based on an average of 2,000 feet per employee, projected job growth between 2007 and 2020 will create the demand for an additional 144,000 square feet of industrial space.

Assuming a floor area ratio (FAR) of 0.5, 144,000 square feet of industrial buildings would require less than 7 acres of industrial land. The Silverdale UGA currently has 22 acres of underutilized industrial space and 159 acres is in the Silverdale, so the supply of land should be more than adequate to meet this demand.

### Industrial Space Conclusion

BST Associates contacted a number of commercial real estate agents in order to develop a better understanding of the industrial market in the Silverdale area. According to these agents vacancy rates for industrial space are currently low, but developers are reluctant to build speculative space. As a result, there is little industrial space available on short notice.

One factor limiting industrial growth around Silverdale is a sewer system that is inadequate for heavy industrial uses. This limits the potential uses of Silverdale industrial land to light manufacturing and distribution, while heavy manufacturing would be most likely to locate in the South Kitsap Industrial Area.

The large amount of vacant industrial land around Silverdale suggests that there has not been much market incentive for private developers to build industrial space in the area. It is possible that the Port of Silverdale could develop spec space in order to try to attract industrial jobs, something that the private sector is reluctant to do. However, the low number of jobs expected over the long run makes this a more limited prospect for the Port.

## Commercial, Retail & Related Development

Development of mixed use buildings in waterfront areas has become a very popular and financially successful business in the past decade. There are numerous examples of these facilities in the Pacific Northwest, including the Riverplace project in Portland, East Bay Landing in Olympia, and Marina Village in Everett, among others. The waterfront in downtown Bremerton is currently undergoing a massive transformation, with redevelopment adding a new regional waterfront conference center, hotel, parking, restaurants, retail space condominiums, and an expanded marina facilities.

Mixed use developments include the following types of uses:

- Commercial office for professional services such as law offices, financial services, real estate offices, insurance companies, doctors, etc.
- Retail space generally oriented toward upscale retail goods such as art, jewelry, leather goods, wine shops etc.
- Personal services such as hair salons and barbers.
- Restaurant, delicatessen and/or related food products
- Condominiums or apartments

These developments are attractive additions to waterfront access. With the property that it has accumulated in the Old Downtown Silverdale area, the Port of Silverdale is in a good position to take the lead in promoting this kind of development.

### **Supply of Commercial Space**

#### **Office Space Supply**

According to data from the Kitsap County Assessor, there is a current inventory of approximately 1.75 million square feet of retail space located within the Port of Silverdale district boundary. Nearly 800,000 square feet, or almost half, of this is classified as “office”. Medical and dental space accounts for another 286,000 square feet, or 16.4%. Churches account for 238,000 square feet (13.6%), recreational facilities account for 106,000 square feet (6.1%), and automotive uses account for 77,000 square feet (6.1%). Various other services account for the remaining 242,000 square feet, or 13.8% of the total.

**Table 6 –Square Feet Services Space Located Within in Port of Silverdale Boundary**

<b>Retail</b>	<b>Sq Ft</b>
Auto Service	59,316
Bank	52,200
Bowling Alley	50,089
Car Wash Auto	2,051
Church	161,146
Church w/ Sunday School	7,072
Cinema Theater	42,755
Clubhouse	68,290
Commercial Garage	11,453
Convalescent Hospital	27,944
Day Care Facility	37,555
Dental Clinic	12,411
Fitness Center	11,392
General Commercial	2,859
Health Club	1,608
Hotel/Motel Service	112,500
Hotel/Motel Unit	21,912
Kennel Animal Care	2,560
Medical Office	210,021
Mini-Lube Garage	1,364
Office	798,582
Senior Care Facility	36,000
Senior Clubhouse Center	1,640
Service Garage	2,752
Veterinary Hospital	12,405
<b>Total</b>	<b>1,747,877</b>

Source: Kitsap County Assessor, BST Associates

The vacancy rate for office space in Kitsap County has been declining for most of the past decade in Kitsap County, and in most recent years the rate in Silverdale was even lower.

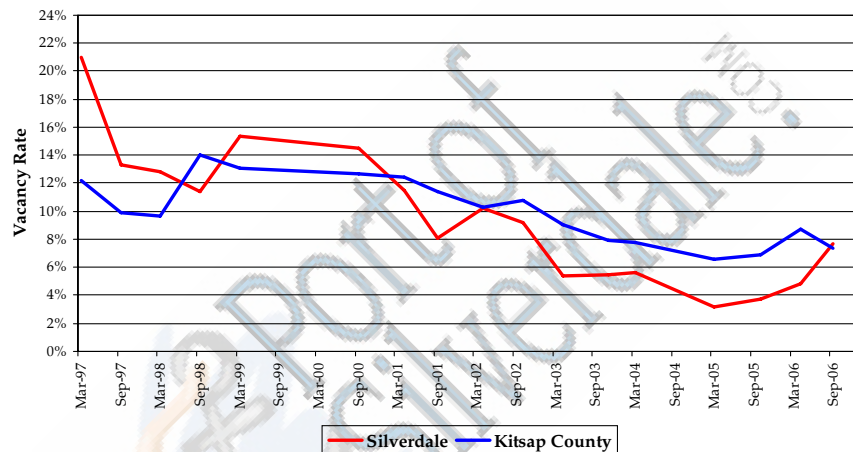
In March of 1997 the office vacancy rate in Kitsap County was 12%. This dropped slightly the next year, then reached a high of 14% in the fall of 1998. From that time on the rate declined steadily, to an average of less than 8% since September of 2003.

For most of the period between early 1997 and early 2001 the office vacancy rate in Silverdale was higher than the county average, typically running approximately 2 percentage points higher. Beginning in the spring of 2001, however, the Silverdale rate began to decline sharply, and since that time has averaged more than 2 points lower than the county rate. Since Spring of 2005 the Silverdale rate has been edging back upward, and by Fall of 2006 was essentially the same as the county average, or nearly 8%.

According to commercial real estate agents, the asking base rate for office space in Silverdale is close to \$17.00/sq ft/year, while the countywide asking rate is closer to \$15.00. Triple net costs add an additional \$3.50 - \$8.00 per year to this price.

The increase in vacancy over the past year or two has made leasing more difficult. Finding tenants is taking longer than before, and landlords are willing to offer more incentives to potential tenants in order to fill space.

**Figure 16 – Kitsap County Office Vacancy Trends**



Source: Bradley Scott, Inc

### Retail Space Supply

According to data from the Kitsap County Assessor, there is a current inventory of approximately 2.8 million square feet of retail space located within the Port of Silverdale district boundary. The largest share of this is classified as “general retail”, followed by “department store”, “neighborhood shopping center”, and “regional shopping center”. These five designations account for nearly 80% of the retail space in the district.

Fluctuations in the rate of vacancy for retail space in Silverdale has followed the same general pattern as those for the county as a whole, with Silverdale seeing higher highs and lower lows than the county. In the late 1990’s the vacancy rate in Silverdale averaged less than 2% for more than two years, while the county average was closer to 6%. From early 2004 through early 2006 the Silverdale rate averaged less than 4% while the county rate averaged more than 6%.

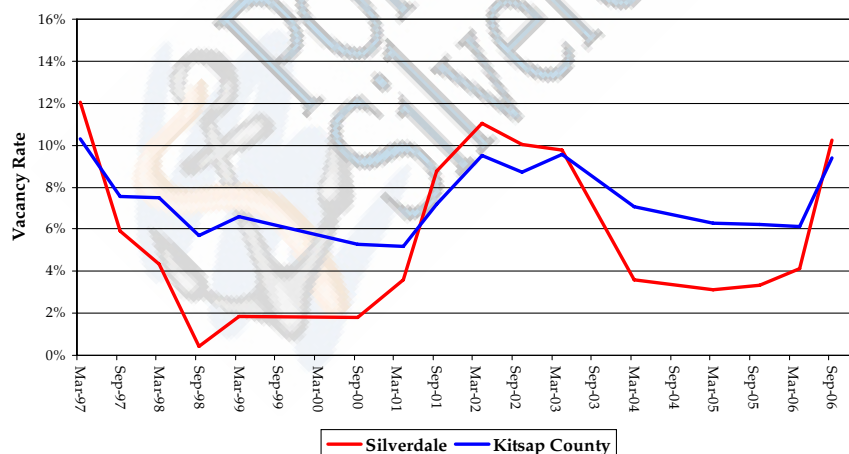
**Table 7 –Square Feet of Retail Space Located Within in Port of Silverdale Boundary**

Retail	Sq Ft
Auto Showroom	10,929
Convenience Market	26,417
Department Store	411,145
Discount	277,024
Fast Food Restaurant	24,089
General Retail	1,092,219
Neighborhood Shopping Center	360,811
Regional Shopping Center	333,499
Supermarket	114,131
Snack Bar	180
Tavern/Bar	9,987
Warehouse Discount Store	117,204
	2,777,635

Source: Kitsap County Assessor, BST Associates

At the other extreme, the Silverdale retail vacancy rate averaged more than 10% in 2002 while the county rate was closer to 9%. The most recent data shows that the retail vacancy rates for both Silverdale and Kitsap County jumped upward in late 2006, with the Silverdale rate moving above 10% and Kitsap County above 9%.

**Figure 17 – Kitsap County Retail Vacancy Trends**



Source: Bradley Scott, Inc

According to interviews with commercial realtors the average asking rate in Kitsap County can be as high as \$24.00/sq ft/year for retail space, but currently listed properties range from \$11.00 to \$20.00. The relatively low asking prices for currently listed properties is likely due to the relatively high vacancy rates.

***Demand for Commercial Space***

**Office Space Demand**

As described in Chapter 2, the services sector (finance, insurance, real estate & services, or “FIRES”) has been another major source of job growth in the Silverdale area, and employment in the

sector is expected to continue to grow strongly. PSRC projections show that an average of 140 service jobs may be added per year in the Silverdale area, driving demand for office space in the area.

**Table 5 – Project Job Growth in Services Sector (FIRES)**

<b>Year</b>	<b>Central Silverdale</b>	<b>Surrounding FAZs</b>	<b>Silverdale &amp; Surrounding</b>	<b>Other Kitsap County</b>	<b>Silverdale &amp; Surrounding Share</b>
1980	1,630	381	2,011	9,290	17.8%
1990	1,939	1,363	3,302	14,671	18.4%
2000	3,442	1,122	4,564	19,749	18.8%
2010	3,953	1,271	5,224	20,648	20.2%
2020	5,001	1,603	6,604	24,359	21.3%
2030	6,175	2,021	8,196	28,567	22.3%
2040	7,605	2,588	10,193	33,928	23.1%

Source: PSRC

Most of the growth in the services sector is forecast to occur in central Silverdale, which indicates strong potential demand for a Port-led redevelopment effort in Old Town Silverdale. This FAZ had service employment of approximately 3,400 in 2000, and accounted for 75% of these jobs. Between 2000 and 2040 job growth is projected to average 104 per year in central Silverdale and 37 in surrounding FAZs, and in 2040 central Silverdale is expected to still be the home to 74% of service jobs.

The share of Kitsap County service sector jobs that are located in the Silverdale area grew slowly between 1980 and 2000, but this growth in market share is projected to accelerate between 2000 and 2040. In 1980 the Silverdale area had less than 18% of county service jobs. This share climbed to nearly 19% in 2000, and is projected to reach 23% by 2040.

Increasing demand for office space created by the growth in the service sector has important implications for the Port of Silverdale, especially in regard to the Old Town property.

Using data from the Kitsap County Assessor, PSRC, and Dun & Bradstreet, the average commercial space per service employee ranges between 400 and 450 square feet in Silverdale. With services employment projected to grow by approximately 1,100 to 1,370 jobs between 2007 and 2020, an additional 440,000 to 575,000 square feet of office space will be needed by 2020 within the Port of Silverdale district.

Tempering this growing demand for office space is uncertainty in the Navy budget. Although government in general and the Navy in particular are projected to account for a decreasing share of total employment, all of Kitsap County, including Silverdale, is impacted by Navy spending decisions.

### Retail Space Demand

With the opening of Kitsap Mall in 1985 central Silverdale became the one of the most important retail centers in Kitsap County. In 1980, prior to the mall opening, the Silverdale area accounted for one out of five retail jobs; by 2000 this share had jumped to nearly one of three retail jobs. Retail employment in the Silverdale area shot up from less than 1,700 jobs in 1980 to more than 5,300 in 2000.

The Puget Sound Regional Council projects that jobs in the retail sector will continue to grow in the Silverdale area, albeit at a more measured pace than during the previous two decades. Through the year 2010 the Silverdale area is projected to add an average of less than 40 jobs per year, but between 2010 and 2020 an additional 80 to 100 jobs per year are expected.

Most of the new retail jobs are likely to be in central Silverdale, but a large share is also expected to locate in the surrounding area.

**Figure 18 – Projected Job Growth Retail Sector**

<b>Year</b>	<b>Central Silverdale</b>	<b>Surrounding FAZs</b>	<b>Silverdale &amp; Surrounding</b>	<b>Other Kitsap County</b>	<b>Silverdale &amp; Surrounding Share</b>
1980	1,441	242	1,683	6,518	20.5%
1990	3,228	402	3,630	9,974	26.7%
2000	4,225	1,107	5,332	11,144	32.4%
2010	4,396	1,307	5,703	12,427	31.5%
2020	4,865	1,631	6,496	14,438	31.0%
2030	5,339	2,009	7,348	16,551	30.7%
2040	5,862	2,461	8,323	18,909	30.6%

Source: PSRC

Using data from the Kitsap County Assessor, PSRC, and Dun & Bradstreet, the average commercial space per retail employee ranges between 560 and 840 square feet in Silverdale. With retail employment projected to grow by approximately 475 to 725 jobs between 2007 and 2010, an additional 265,000 to 600,000 square feet of retail space will be needed by 2020 within the Port of Silverdale district.

**Commercial Space Conclusion**

Vacancy rates for commercial space are cyclical, and recent years have seen low vacancy rates. Although recent evidence indicates an increase in vacancies, in the long run the amount of commercial space needed will continue to grow as the population of Kitsap County climbs.

The demand for commercial space in Silverdale is strong, especially for office space to serve the fast-growing services industry. Employment growth projections for the Silverdale area indicate that as much as 575,000 square feet of office space may be needed between 2007 and 2020. The office market presents an attractive opportunity for the Port of Silverdale’s Old Town properties.

Retail space is also seeing increasing demand, although the rate of growth in the retail sector is not expected to be as strong as growth in services. Mixed use redevelopment of Port property in the Old Town area is likely to see demand from the retail sector as well as from the services sector.

The growth in the population of Kitsap County also means a need for additional housing. The Port of Silverdale property in Old Town Silverdale may present an attractive location for development of mixed use buildings that contain both housing and commercial space.

# Chapter Four – Recreational Boating

## Introduction

The Port of Silverdale extends from Hood Canal to Puget Sound. The Port currently provides two facilities for recreational boating, both of which are located in Old Town Silverdale:

- The Port of Silverdale pier provides transient moorage for up to three nights at a time, and offers fresh water hook ups, sewage pump out and power.
- The Port of Silverdale boat launch is one of the deepest in the area, allowing the launching of boats even at very low tides. Between April and October the ramp also has a pier alongside, which makes launching and entering your boat a breeze.

The Port of Silverdale does not currently have the facilities to offer year-round round permanent moorage. The following section examines the demand for such a facility.

## Inventory of Moorage

### *Puget Sound Marinas*

There are an estimated 39,000+ slips in marinas in Puget Sound. Kitsap County accounts approximately 7% of the total permanent slips. However, Kitsap County marinas have a higher proportion of smaller slips than found elsewhere in Puget Sound.

**Table 8 – Summary of Permanent Moorage Slips in Puget Sound**

County	Less than 30 feet	31 to 40	41 to 50	Over 50	Subtotal known lengths	Total	% Total
Clallam	645	188	242	38	1,113	1,113	2.8%
Jefferson	374	178	75	12	639	1,181	3.0%
Kitsap	751	532	273	78	1,634	2,740	7.0%
Mason	42	55	10	-	107	177	0.5%
Thurston	1,080	514	227	110	1,931	2,303	5.9%
Pierce	269	324	269	39	901	3,622	9.3%
King	1,665	2,293	883	604	5,445	8,057	20.6%
Snohomish	1,437	905	138	-	2,480	2,655	6.8%
Island	217	93	42	-	352	352	0.9%
Skagit	304	478	197	57	1,036	3,687	9.4%
Whatcom	1,344	1,258	492	262	3,356	3,356	8.6%
San Juan	320	343	127	160	950	1,450	3.7%
subtotal	8,448	7,161	2,975	1,360	19,944	39,130	100.0%
% Known	42.4%	35.9%	14.9%	6.8%			
Kitsap % Total	8.9%	7.4%	9.2%	5.7%	8.2%	<b>7.0%</b>	

Source: BST Associates, marinas

While data on length is incomplete<sup>1</sup> for some marinas, the information available shows that most of the existing slips in Puget Sound area are less than 40 feet long. Information on length is available for

<sup>1</sup> Some marinas have lineal moorage, which is difficult to translate into relative slip sizes, and others do not report their individual slip lengths.

nearly 20,000 slips. Of this total nearly 4,500 slips, or 78%, are 40 feet long or less. Approximately 15% are between 41 and 50 feet and 6% are over 50 feet long.

This summary underscores a problem for the marina industry, in that marinas that were built 25 or more years ago were sized to a fleet that no longer exists. As a result, some marinas are seeking to reconfigure to larger (and wider) slip sizes. Under the right circumstances, it also may create an opportunity for new marinas.

**Table 9 – Kitsap County Marinas**

<b>Name of boating facility:</b>	<b>Public/Private</b>	<b>City</b>	<b>Permanent Slips</b>	<b>Transient Slips</b>	<b>Dock Space (ft)</b>
Bainbridge Island Marina	Private	Bainbridge Island	40	-	2,000
Eagle Harbor Dock	Public	Bainbridge Island	-	-	100
Eagle Harbor Marina	Private	Bainbridge Island	107	-	100
Eagledale Moorings	Private	Bainbridge Island	34	-	-
Harbour Marina	Private	Bainbridge Island	50	-	-
Winslow Wharf Marina	Private	Bainbridge Island	239	-	-
Bremerton Marina	Public	Bremerton	220	100	1,200
Illahee State Park	Public	Bremerton	-	-	356
Port of Brownsville	Public	Bremerton	310	-	1,000
Port Washington Marina	Private	Bremerton	81	-	-
Port of Kingston	Public	Kingston	262	-	1,500
Blake Island State Park	Public	Manchester	-	-	1,744
Dockside Sales & Service	Private	Port Orchard	30	-	-
Port Orchard Marina	Public	Port Orchard	329	44	1,500
Port Orchard Marine Railway	Private	Port Orchard	51	-	-
Sinclair Inlet Marina	Private	Port Orchard	63	-	-
Bay Marine, Inc.	Private	Poulsbo	120	-	-
Liberty Bay Marina	Private	Poulsbo	177	-	-
Port of Poulsbo	Public	Poulsbo	278	133	400
Poulsbo Yacht Club	Private	Poulsbo	149	-	200
Seabeck Marina	Private	Seabeck	200	-	-
Port of Silverdale	Public	Silverdale	-	-	1,300
		Subtotal	2,740	277	11,400

### Future Development of Marinas

There are several proposed marina projects in Kitsap County and elsewhere in the region.

The existing Bremerton Marina, which currently provides 42 transient slips, has a problem with ferry wake wash and has been under-utilized. The Port is currently constructing a new marina that will have approximately 350 slips, providing approximately 100 transient slips and 250 permanent slips. This development is considered an integral part of the effort to revitalize downtown Bremerton.



Another new private marina is being discussed at Port Washington Narrows, between Silverdale and Bremerton. Plans and details are uncertain at the present time.

A Seattle-based development group is also proposing the demolition of the current dilapidated Seabeck marina and construction of a 200-slip Olympic View Marina complete with a breakwater, fuel dock and pump-out station. Work is set for completion in 2008.

Marina projects in neighboring counties include:

- Jefferson County
  - The Port of Port Townsend is currently evaluating a reconfiguration at the Boat Haven that would likely lead to more large slips.
  - Port Ludlow completed the EIS for the 100-slip marina expansion was completed in 2002, but progress has bogged down due to litigation and it is unclear whether these plans will move forward.
  - Dredging at Cape George Colony is also being impacted by litigation and finances.
- Skagit County
  - The Swinomish Tribe has been 1,200-slip marina along the Swinomish Channel for more than 20 years, but the cost of development may not provide significant cash flow for the Tribe at today's moorage rates.
  - There are also a few small scale marinas being considered in Anacortes, but construction costs make the project financially questionable.
  - Marina reconfigurations are also being undertaken or considered at Cap Sante Marina in Anacortes and La Conner Marina.
- Island County
  - The recently completed a Master Plan for the Oak Harbor Marina calls for a reconfiguration of the marina, but the marina financial plan has not yet been completed.
  - The Port of South Whidbey Island is considering developing a permanent marina at Langley for up to 200 boats, but the Port has not completed the design or the financial feasibility assessment.
- Snohomish County
  - The Port of Everett is currently constructing the 155-slip 12<sup>th</sup> Street Marina.

### **Competitive Summary**

The market region in which a new marina in Silverdale would compete includes the counties in northern Puget Sound (i.e., Kitsap, Jefferson, Whatcom, Skagit, San Juan and Island counties), which currently includes approximately 13,000 permanent moorage slips. Skagit County accounts for the largest share of moorage in northern Puget Sound, with approximately 29% of the total moorage. Whatcom County accounts for 26% of the available slips, while Kitsap accounts for 21%, San Juan accounts for 11%, Jefferson for 9% and Island County approximately 3%.

### **Demand for Moorage**

The demand for marina space in Puget Sound is driven by the growth of boats that need wet moorage. Essentially any boat 30 feet and longer will require wet moorage, as will a portion of those less than 30 feet in length.

In Puget Sound, the fleet of recreational boats over 30 feet long has grown from 9,000 in 1990 to 13,200 in 2004. The fleet has grown at 2.8% per year, which is a much faster than the population growth rate of 1.5%/ per year.

### ***Recreational Boat Fleet***

In Washington boats must be registered if they are 16 feet or longer and not 100% man-powered. Boats less than 16 feet in length with 10 horsepower or less are not required to register unless they are used on federal waters, while craft that are 100% man-powered do not need to be registered.

The number of boats over 30 feet in length grew more rapidly, from 9,012 in 1990 to 13,217 in 2004 or at 2.8% per year. The population base in the counties bordering Puget Sound grew at 1.7% per year during this time period.

The trends indicate more rapid growth in boat ownership as the boat length increases:

- The number of boats between 16 and 20 feet in length grew at 1.1% per year,
- The number of boats between 21 and 30 feet in length grew at 1.3% per year,
- The number of boats between 31 and 40 feet in length grew at 2.2% per year,
- The number of boats between 41 and 50 feet in length grew at 3.9% per year,
- The number of boats between 51 and 60 feet in length grew at 5.1% per year, and,
- The number of boats over 60 feet in length grew at 7.9% per year.

### ***Boat Sales***

According to data from the Northwest Marine Trade Association, sales of new boats over 30 feet in length averaged 310 units per year between 2003 and 2006. Sales of used vessels typically average four times that of new vessels, but used vessels do not necessarily contribute to the net increase in demand for moorage, unless the new owner chooses to relocate the vessel. In addition, used boats may come from outside the region, creating additional demand for moorage.

The market for recreational boats is expected to remain relatively strong for the foreseeable future, which is discussed in the following sections.

## **Permanent Slips**

### ***Forecast of Boats & Slips***

The future number of boats in Puget Sound was projected using regression analysis, which projects future boat ownership based upon growth in population, non-agricultural employment and real personal income. Based upon this approach, BST Associates projects that the recreational fleet of boats 21 feet and longer will grow from 112,135 boats in 2004 to 138,160 boats in 2020 or at 1.3% per year, which is approximately the same rate of growth as experienced between 1990 and 2004.

Growth is projected to be faster as the boat length increases, as is the case with existing trends. The wet moorage market focuses on boats over 30 feet in length. This group of boats is expected to increase from 13,217 boats in 2004 to 19,742 in 2020 or at 2.5% per year. The forecast growth rate is expected to slow slightly from recent trends but is still stronger than the expected growth in population, indicating increased market penetration.

The demand for wet moorage is expected to increase by 5,936 slips during this 16 year time period or approximately 371 slips per year. There is expected to be a shortage in the number of slips provided to serve this demand.

## ***Marina Hinterland***

The potential capture rate for a particular marina depends upon the market area that supports the marina. This in turn depends upon size of the population and housing base (primary and secondary), the availability of alternative moorage as well as other amenities that might attract the boater.

The regional use of marinas is a good starting point. Kitsap County draws primarily from the local market but is supplemented by boats from Central Puget Sound, other parts of Washington State and out of state residents. According to data from the Department of Licensing, most vessels that are kept in Kitsap County are owned by Kitsap County residents (82.7%). The remaining 17% are located in King Country (5.5%), Pierce County (3.2%), Jefferson County (1.2%), Snohomish County (0.9%), other Washington (2.9%) and Out of State residents (3.5%).

Marina projects in Bremerton, Seabeck and Kingston will draw from the same potential customer base as a new facility at Silverdale.

### **Demand for Permanent Slips**

The demand for wet moorage slips (30 feet long and longer) in Puget Sound is expected to average 371 slips per year or 3,700 slips over a ten year period. Kitsap County currently accounts for approximately 7% of the moorage slips in Puget Sound. In the future, Kitsap County is expected to account for 13% (low) to 14.5% (high) of the new slips. The higher capture rate for new slips is due to the improbability of new marina slips being built in King and Snohomish counties.

The expected number of new permanent moorage slips in Kitsap County is expected to range between 481 and 537 over the next ten years, with a most likely projection of 509 new slips.

## ***Marine Fuel***

Local boaters have expressed interest in a fueling facility at the Port of Silverdale. Given market considerations, however, such a facility would not generate sufficient sales to cover the cost of construction.

Where boaters purchase fuel is tied to the size of the boat: boats that are too long to trailer must purchase fuel at marine fuel facilities, but boats that are trailered can purchase fuel anywhere. The closest marine fuel facilities are at Poulsbo, Brownsville, and Port Orchard. Since prices at marine fuel facilities tend to be higher than at gas stations, trailered boats are more likely to purchase fuel at a gas station.

Since there is a boat ramp in Silverdale but no marina with permanent moorage, much of the boating activity in the area involves trailerable boats. There are also just a handful of private docks along Dyes Inlet for larger vessels, along with a number of mooring buoys. This implies that the Port would generate sales from just a small portion of the boaters in the area.

Compounding the problem is the relatively short boating season, which impacts the financial feasibility of fuel facilities. As demonstrated in the preceding section of this report, most boat activity takes place between Memorial Day and Labor Day. This means that the Port of Silverdale, or any other marine fuel facility, must generate sufficient sales over a four month period to cover 12 months worth of operation & maintenance costs as well as financing costs.

A recent analysis for a similar fuel facility in the region estimated annual sales of 30,000 to 50,000 gallons of fuel. With the Port generating a margin of \$0.25 per gallon sold the net revenue to the Port would run between \$7,500 and \$12,500 per year. This represents the total available to pay the cost of construction, operations and maintenance, manpower, and other costs. This is clearly not a financially feasible concept.

## **Marina Demand Conclusions**

Growth in the number of boats that require permanent (year-round) moorage will generate the need for around 300 to 400 more slips per year for the next ten years in Puget Sound. Kitsap County is expected to account for 12% to 15% of this demand, or 40 to 50 slips per year. This share of additional demand stands in contrast to the amount of moorage currently available in Kitsap County, which is approximately 7% of the Puget Sound total.

Two projects that are currently underway are likely to satisfy the demand for additional permanent moorage in Kitsap County. The first of these, the new downtown Bremerton marina, will have as many as 350 slips, while a reconstructed Seabeck marina is expected to provide 200 slips. In total these two facilities will provide an additional 550 slips, while anticipated demand for the next ten year is for 509 slips. As a result, it does not appear that there is a need for the Port of Silverdale to develop permanent moorage facilities.

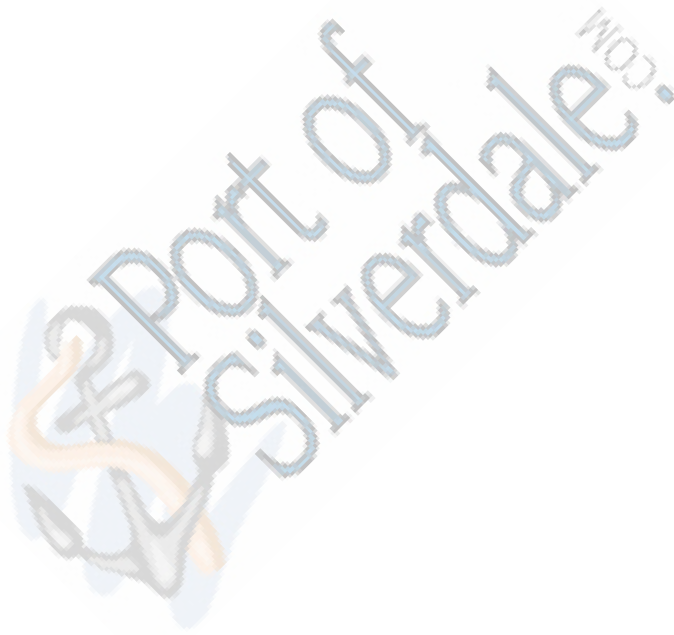
Demand for transient moorage is seasonal, with nearly all of the demand occurring between Memorial Day and Labor Day. The demand for additional transient moorage space in Silverdale will depend on boaters being attracted to Old Town. Redevelopment of Old Town may increase the number of shore-side activities available to boaters, and increase the demand for temporary moorage. The Port should track usage of the existing transient dock to determine if and when the demand for temporary moorage exceeds the amount of available. When that occurs that Port should examine the possibility of expanding the existing facility.

## **Marina Finance Considerations**

Construction costs for marinas are escalating rapidly, which makes it difficult to build marinas profitably or to find financing. Compounding the problem are low moorage rates in the Kitsap County market. Estimated construction costs at some recent marina projects in the Puget Sound have run \$10.00 per linear foot or more, but moorage rates at marinas near Silverdale are much lower:

- Port of Poulsbo - \$4.23
- Port of Brownsville – \$4.75 - \$5.75
- Port Washington Marina - \$5.75
- Port of Kingston - \$4.57

The New Bremerton marina is a \$23 million project, and a similar-sized project for Silverdale would likely face similar costs. This level of commitment would likely use all of the Ports financing capacity and preclude the Port of Silverdale from engaging in other types of projects.



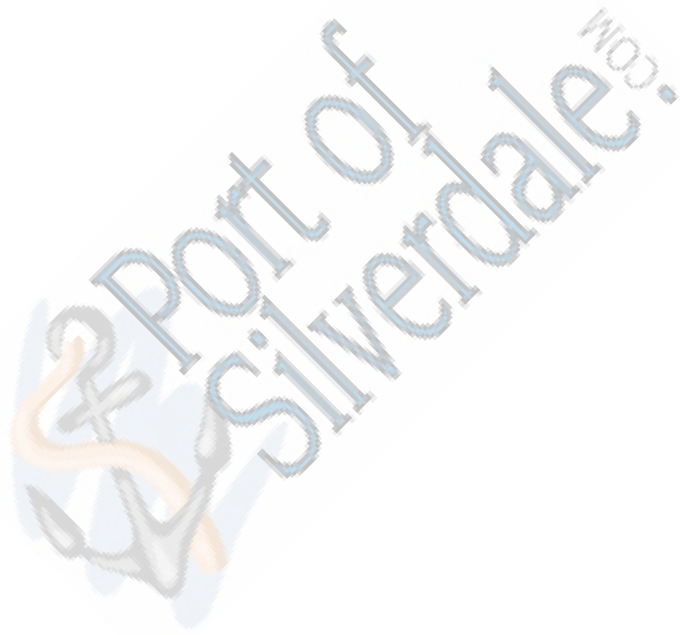
APPENDIX D

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# Preliminary Concept Cost Estimates

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# Appendix D

## Preliminary Concept Cost Estimates

### Focus Area #1: Permanent Moorage <sup>1</sup>

Item	Units	Qty	Unit Price	Cost
Mobilization/Demobilization	LS	1	\$625,000	\$625,000
Relocate/Reconfigure Existing Floats	LS	1	\$275,000	\$275,000
Open Floats <sup>2</sup>	SF	35,700	\$100	\$3,570,000
Breakwater	LF	1,800	\$3,200	\$5,760,000
Marina Basin Dredging <sup>3</sup>	CY	0	\$9	\$0
Gangway & Approach dock (30k + \$85/SF for approach)	Each	2	\$60,000	\$120,000
Upland Utility Work for Marina	LS	1	\$100,000	\$100,000
Fuel Float	LS	1	\$108,000	\$150,000
Mitigation	LS	1	\$200,000	\$200,000
Sub-Total 1: (No Contingency Pre-tax const. cost)				\$10,800,000
Tax @ 8.3%:				\$896,400
Sub-Total 2:				\$11,696,400
Permitting, Sampling, Monitoring: (2.0% pre contingency pre-tax cost est.)				\$216,000
Engineering/Design: (6.0% pre contingency pre-tax cost est.)				\$648,000
Contract/Const Admin, Fab & Const Inspection: (5.0% pre contingency pre-tax cost est.)				\$540,000
Sub-Total 3:				\$13,100,400
Contingency @ 15%:				\$1,965,060
<b>TOTAL RANGE: <sup>4</sup></b>				<b>\$13.5M - \$16.5M</b>

<sup>1</sup> Cost estimates based on industry standards and recent marina master plan project cost estimates

<sup>2</sup> Assumes 130 sf float per slip

<sup>3</sup> No Cubic Yard (CY) estimate available; unit cost assumes no near-shore dredge and clean sediment; near-shore dredge estimated at \$18 / CY

<sup>4</sup> Concept level, order-of-magnitude costs in 2007 dollars

### Focus Area # 2: Byron Street

Item	Units	Qty	Unit Price	Cost
Near/Mid Term Mixed Use Development (retail portion) <sup>1,3</sup>	SF	8,775	\$140	\$1,228,500
Near Term Streetscape Elements <sup>2</sup>	LS	1	\$66,600	\$66,600
Kayak / Small Craft Launch	SF	1,000	\$55	\$55,000
Wetland Boardwalk, Signage and Viewpoint	LF	600	\$120	\$72,000
Longterm Mixed Use Development (retail portion) <sup>1,3,4</sup>	SF	19,500	\$140	\$3,850,000
Long Term Streetscape Elements <sup>2,4</sup>	LS	1	\$154,884	\$154,884
Sub-Total 1: (No Contingency Pre-tax const. cost)				\$5,426,984
Tax @ 8.3%:				\$450,440
Sub-Total 2:				\$5,877,424
Permitting, Sampling, Monitoring: (2.0% pre contingency pre-tax cost est.)				\$108,540
Engineering/Design: (6.0% pre contingency pre-tax cost est.)				\$325,619
Contract/Const Admin, Fab & Const Inspection: (5.0% pre contingency pre-tax cost est.)				\$271,349
Sub-Total 3:				\$6,582,932
Contingency @ 15%:				\$987,440
<b>TOTAL RANGE: <sup>5</sup></b>				<b>\$6.8M - \$8.3M</b>

Based on an estimate by PUD #1, installing fiber optic cable (underground) would cost an additional \$62,000

<sup>1</sup> Assumes partnership with Housing Authority; cost for construction of ground level retail only (\$140/sf) based on industry standards

<sup>2</sup> Assumes one bench (\$1,300 ea) and trash receptacle (\$800 ea) per block, street trees (\$800 ea) and pedestrian lighting (\$4,000 ea) every 30 ft; cost based on similar projects and industry standards

<sup>3</sup> Assumes approx. 36% lot occupied by residential (remainder complies with 85% impervious surface and 1.5 residential parking requirement for upper stories)

<sup>4</sup> Assumes 10 year horizon and 3.5 % annual inflation based on industry projections

<sup>5</sup> Concept level, order-of-magnitude costs in 2007 dollars

### Focus Area # 3: Lowell Street

Item	Units	Qty	Unit Price	Cost
Near/Mid Term Mixed Use Development (retail portion) <sup>1</sup>	SF	13,155	\$140	\$1,841,700
Streetscape Elements <sup>2</sup>	LS	1	\$102,300	\$102,300
Clear Creek Pathway Connection	LF	1,200	\$25	\$30,000
Relocate Temporary Structure	LS	1	\$7,500	\$7,500
Strawberry Creek Enhancements	LS	1	\$28,600	\$28,600
Longterm Mixed Use Development (retail portion) <sup>1,3,4</sup>	SF	10,500	\$140	\$2,073,580
Streetscape Elements <sup>2,4</sup>	LS	1	\$128,928	\$128,928
Sub-Total 1: (No Contingency Pre-tax const. cost)				\$4,212,608
Tax @ 8.3%:				\$349,646
Sub-Total 2:				\$4,562,254
Permitting, Sampling, Monitoring:			(2.0% pre contingency pre-tax cost est.)	\$84,252
Engineering/Design:			(6.0% pre contingency pre-tax cost est.)	\$252,756
Contract/Const Admin, Fab & Const Inspection:			(5.0% pre contingency pre-tax cost est.)	\$210,630
Sub-Total 3:				\$5,109,894
Contingency @ 15%:				\$766,484
<b>TOTAL RANGE:</b> <sup>5</sup>				<b>\$5.3M - \$6.5M</b>

Based on an estimate by PUD #1, installing fiber optic cable (underground) would cost an additional \$62,000

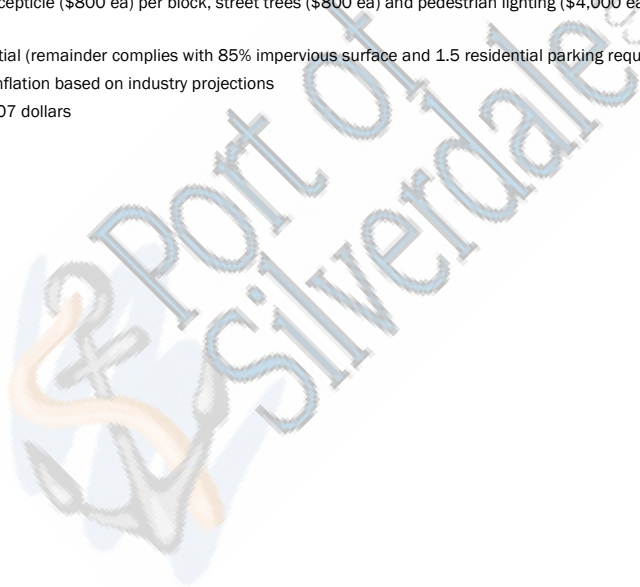
<sup>1</sup> Assumes partnership with Housing Authority; cost for construction of ground level retail only (\$140/sf) based on industry standards

<sup>2</sup> Assumes one bench (\$1,300 ea) and trash receptacle (\$800 ea) per block, street trees (\$800 ea) and pedestrian lighting (\$4,000 ea) every 30 ft; cost based on similar projects and industry standards

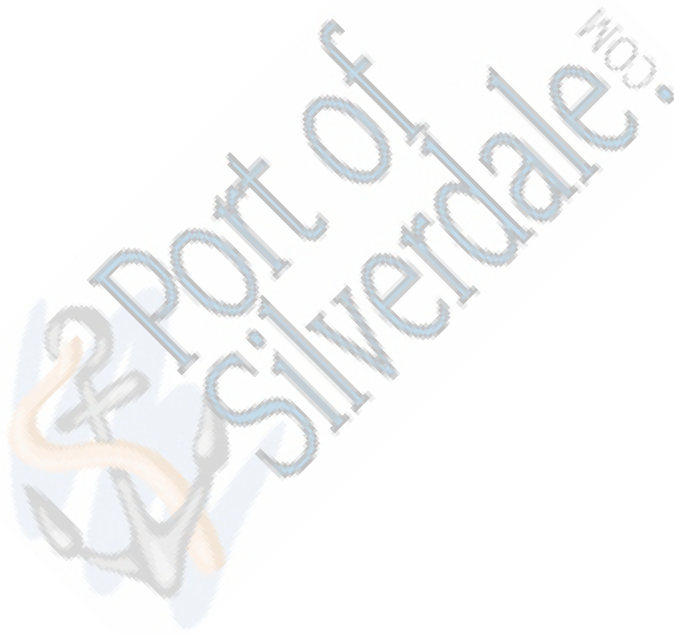
<sup>3</sup> Assumes approx. 36% lot occupied by residential (remainder complies with 85% impervious surface and 1.5 residential parking requirement for upper stories)

<sup>4</sup> Assumes 10 year horizon and 3.5 % annual inflation based on industry projections

<sup>5</sup> Concept level, order-of-magnitude costs in 2007 dollars







APPENDIX E

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## Revenue and Rate of Return Estimates

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## APPENDIX E

# Revenue and Rate of Return Estimates

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### Net Income Estimates for Mixed-Use Development

#### Large Mixed-Use 2-story Commercial Building

Item	Units	Qty	Rate/SF	Gross Income
Mixed-use building (office and general commercial) <sup>1</sup>	SF	12,000	\$17.0	\$204,000
Vacancy (5%)				\$10,200
Sub-Total 1:				\$193,800
Operating Cost (30%)				\$58,140
Property Management Fees (Cost to Port) <sup>2</sup> (6%)				\$12,240
Sub-Total 3:				\$123,420
<i>Less Operating Cost (assumed by tenant through tripple-net)</i>				\$58,140
<b>Net Income</b>				<b>\$181,560</b>

#### Large Mixed-Use Building with Ground Floor Commercial

Item	Units	Qty	Rate/SF	Gross Income
Mixed-use building (office and general commercial) <sup>1</sup>	SF	6,000	\$17.0	\$102,000
Vacancy (5%)				\$5,100
Sub-Total 1:				\$96,900
Operating Cost (30%)				\$29,070
Property Management Fees (Cost to Port) <sup>2</sup> (6%)				\$6,120
Sub-Total 3:				\$61,710
<i>Less Operating Cost (assumed by tenant through tripple-net)</i>				\$29,070
<b>Net Income</b>				<b>\$90,780</b>

1. Rental rate is high end of average office rates and mid-point of average range of retail rates reported in BST associates Socio-Economic Analysis report for the Port of Silverdale
2. Cost to Port based on industry standard property management rate

### Small Mixed-Use 2-story Commercial Building

Item	Units	Qty	Rate/SF	Gross Income
Mixed-use building (office and general commercial) <sup>1</sup>	SF	3,600	\$17.0	\$61,200
Vacancy	(5%)			\$3,060
Sub-Total 1:				\$58,140
Operating Cost (30%)				\$17,442
Property Management Fees (Cost to Port) <sup>2</sup>	(6%)			\$3,672
Sub-Total 3:				\$37,026
Less Operating Cost (assumed by tenant through tripple-net)				\$17,442
<b>Net Income</b>				<b>\$54,468</b>

### Small Mixed-Use Building with Ground Floor Commercial

Item	Units	Qty	Rate/SF	Gross Income
Mixed-use building (office and general commercial) <sup>1</sup>	SF	1,800	\$17.0	\$30,600
Vacancy	(5%)			\$1,530
Sub-Total 1:				\$29,070
Operating Cost (30%)				\$8,721
Property Management Fees (Cost to Port) <sup>2</sup>	(6%)			\$1,836
Sub-Total 3:				\$18,513
Less Operating Cost (assumed by tenant through tripple-net)				\$8,721
<b>Net Income</b>				<b>\$27,234</b>

1. Rental rate is high end of average office rates and mid-point of average range of retail rates reported in BST associates Socio-Economic Analysis report for the Port of Silverdale
2. Cost to Port based on industry standard property management rate

