

**CITY OF UNIVERSITY PLACE
ECONOMIC DEVELOPMENT STRATEGIC ACTION PLAN**

**ASSESSMENT OF STATE, REGIONAL, AND UNIVERSITY PLACE
ECONOMIC TRENDS**

AUGUST 2002

Prepared by:



CITY OF UNIVERSITY PLACE ECONOMIC DEVELOPMENT STRATEGIC ACTION PLAN

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EXECUTIVE SUMMARY

INTRODUCTION

The purpose of this analysis is to compile and assess economic trends and forecasts for Washington State and Pierce County, and to determine the economic implications for the City of University Place. This analysis compares the historical economic trends that have occurred for Pierce County, the State, and national economies for several indicators, and also identifies the industry sectors where growth has occurred for the City. In addition, the analysis examines the sectors where economic growth is expected to occur and how Pierce County and University Place are positioned to participate in these sectors' economic development.

Several sources of economic forecasts and reports were reviewed to understand City, regional, and State income and employment growth trends and forecasts. Data sources included the Washington State Office of Financial Management, Washington State Employment Security Department (ESD), Washington State University Cooperative Extension, Tacoma-Pierce County Economic Development Board, Tacoma-Pierce County Chamber of Commerce, Washington Research Council, and the Puget Sound Regional Council. A complete list of sources is included in Exhibit 1. In addition, an interview was conducted with Chris Johnson, Regional Economist, with the Tacoma Office of the Labor Market and Economic Branch of ESD.

SUMMARY OF FINDINGS

A History of Regional, State and National Economic Growth

During the past three decades, Pierce County has lagged behind the State in several economic indicators, such as employment growth, personal income, per capita personal income and industry earnings. The County has also lagged behind the U.S. economy's performance in a number of these indicators for certain periods in the past 30 years.

This performance is related, in large part, to the employment composition in the County relative to the higher job growth in sectors found in other areas of the Puget Sound region. The employment mix in Pierce County has relied on the relative stability of government/military employment and service sector jobs – led largely by health care-related employment. Growth in King County, however, has stemmed largely from the high wage sectors such as high-tech, business services, and research and testing.

Employment composition in Pierce County relative to King County has led to a difference in income trends, as well. Nationally, at the State level, and particularly for Pierce County, there has been a shift away from high paying manufacturing jobs toward lower paying retail and service jobs. Since the mid-1980s, the State's growth in per capita personal income exceeded the national average. Pierce County's personal income growth, however, was at about 90% of national per capita personal income. University Place's income trends in the last decade have been fairly consistent with Pierce County.

Current Pierce County and University Place Economy

University Place is characterized as being rather isolated from easy freeway access, with a relatively small manufacturing and retail business base, but a fairly strong health care employment sector. Several features of the City, such as present zoning and scarcity of available land, may inhibit future growth in some sectors, like manufacturing. Currently, University Place is not a destination where people typically travel to shop or travel through to commute to work. The City is, however, a location where workers in high-tech industry of downtown Tacoma and DuPont could live and commute from fairly easily. In addition, the City's proximity to military installations, suggests there may be many current or former service member families residing in University Place.

The City may benefit from economic activity in Pierce County and State and Federal influences. Currently strong in Pierce County, construction activity is being driven by local, State and Federal projects. In addition, expected regular military pay increases and improved medical benefit coverage for the County's military workers, will help stimulate the local economy and promote growth in the health care sector. Some recent indicators suggest that there has been growth in the greater Tacoma area of young information technology firms.¹

Future Pierce County and University Place Economic Growth Opportunities

The fastest growing industry sector of the last decade in Washington State has been services, specifically traded services, with business services, legal services, engineering, management and accounting leading the way. Growth in these service subsectors is expected to continue as businesses increasingly contract out certain functions and/or hire temporary employees due to cost constraints and firms' desire to focus on core competencies. Other influences, such as increased productivity, have slowed the pace of job growth in the goods producing sectors, while increasing demand for consumer services from dual-wage earner families has accelerated job growth in services, retail trade, and other non-manufacturing sectors.

In the next decade, the State's Office of Financial Management (OFM) predicts that the telecommunications industry will provide most new products and services, with the integration of voice, data, and video services as wire (coaxial or fiber optic cable) and the evolution of wireless (radio systems, microwave, or satellites) networks. The industry has spent heavily on building and expanding infrastructure the past few years. The Click!Network telecommunication network, owned by and serving the City of Tacoma, is viewed as creating a competitive advantage to attract technology firms. Despite this investment, however, relative to King and Snohomish Counties, the majority of data sources for Pierce County do not yet show that the County experienced significant technology employment growth in the high tech manufacturing, communications, computer services, or

aerospace sectors. According to the Washington Research Council, there is an indication that Pierce County experienced some recent growth in technology firms.

University Place and Pierce County may not be able to obtain their fair share of growth in telecommunications and other high-tech jobs due to a relative lack of high-tech industry clustering. Industry clustering occurs when companies in the same industry or complementary industries have located near each other, forming clusters of employment. In the Puget Sound economy, industry clustering has occurred in certain geographic areas in the wood products, aerospace, computer-related, biotechnology, maritime, and telecommunications industries. There may be an opportunity to leverage the employment base for counties already hosting industry clusters.

Existing clustering in high-growth sectors in the North Sound could be an impediment to counties, such as Pierce County, which have not enjoyed the benefits of such high-growth sector clustering to the extent King and Snohomish County have. Intel Corporation's research facility located in nearby DuPont could serve as a magnet or hub to attract related businesses, industries, and/or residents to Pierce County and other cities. The presence of University of Washington-Tacoma's Institute of Technology, serving as a resource for area technology employers, provides additional technology infrastructure for future employment growth. Pierce County and University Place may need to consider offering special incentives to attract more high-tech companies into their communities and create their own industry clusters.

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- 1. Reference Footnotes**
- 2. PSRC Economic Forecast Data**
- 3. City of University Place Census Tracts and Financial Analysis Zones**
- 4. Non-Agricultural Wage and Salary Employment Pierce County, April 2002, Preliminary**
- 5. City of University Place Demographic Characteristics Profile, Census 2000**
- 6. Pierce County Non-Agricultural Wage and Salary Employment Projections 2005 and 2010, Employment Security Department**
- 7. Pierce County Manufacturing and Services 2000 Employment by Standard Industry Classification (SIC) Code**

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INTRODUCTION

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Information Sources

Several sources of economic forecasts and reports were reviewed to understand City, regional, and State economic growth trends and forecasts. Data sources included the Washington State Office of Financial Management (OFM), Washington State Employment Security Department (ESD), Washington State University Cooperative Extension, Economic Development Board for Pierce County, Tacoma-Pierce County Chamber of Commerce, Washington Research Council, and the Puget Sound Regional Council (PSRC). An interview was also conducted with Chris Johnson, Regional Economist, with the Tacoma Office of the Labor Market and Economic Branch of ESD.

HISTORIC EMPLOYMENT AND INCOME TRENDS: PIERCE COUNTY, THE STATE, AND THE NATION

This section examines employment growth, personal income, per capita income, industry earnings figures, and average earnings per job as compiled by the Bureau of Economic Analysis (BEA). Several Washington State University's Cooperative Extension² charts are provided for comparing the trends of economic performance indicators for Pierce County, the State, and national economies over the past three decades.

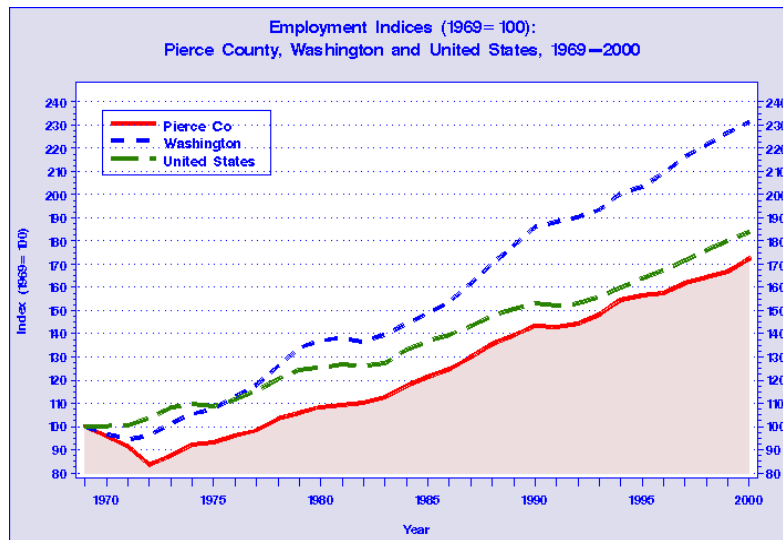
Employment Growth

The BEA employment estimates measure the number of full and part-time wage and salary employees, plus the number of proprietors of unincorporated businesses. Persons holding more than one job are counted in the employment estimates for each job they hold. This means BEA employment estimates represent the number of jobs, not the number of people employed. Also, BEA employment is a place-of-work, rather than by place-of-residence measure. Due to this data feature, jobs held by neighboring county residents who commute to Pierce County to work are

included in the employment count for Pierce County. Conversely, Pierce County residents who commute out of the County are not represented in the Pierce County employment data.

The cumulative growth indices displayed in Figure 1 compare the long-term growth of Pierce County's employment for the period 1969-00 with the State and nation. The indices express each region's employment in 1969 as 100, and the employment in subsequent years as a percent of that base. Although they differ in size, one can directly compare the long-term employment growth of Pierce County with that of the State and nation. As Figure 1 shows, Pierce County's employment posted a 72.5% gain for 1969-2000, which was lower than both statewide (131.4%) and national employment growth (83.9%).

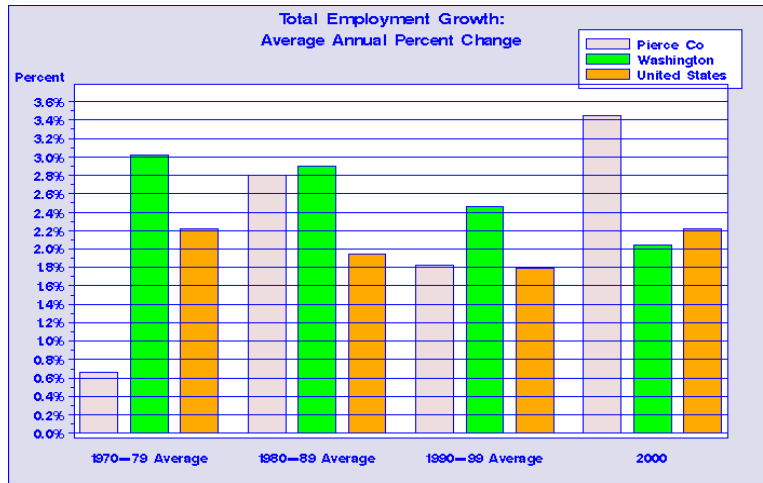
Figure 1: Pierce County, State, and U.S. Employment Growth Since 1969



Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

Figure 2, on the following page, compares average growth rates by decade for Pierce County, the State and the nation. As the chart shows, Pierce County's average annual employment growth was lower than the State average in each of the last three decades: in the 1970s (0.7% vs. 3%), the 1980s (2.8% vs. 2.9%), and the 1990s (1.8% vs. 2.5%). Relative to employment growth trends nationwide, Pierce County trailed the nation during the 1970s (0.7% vs. 2.2%), had higher growth in the 1980s (2.8% vs. 1.9%), and mirrored the nation in the 1990s (1.8% vs. 1.9%). Average growth for each decade masks the year-to-year variability. This can create the appearance of a dramatic increase when employment for the year 2000 when compared to the average for the preceding decade.

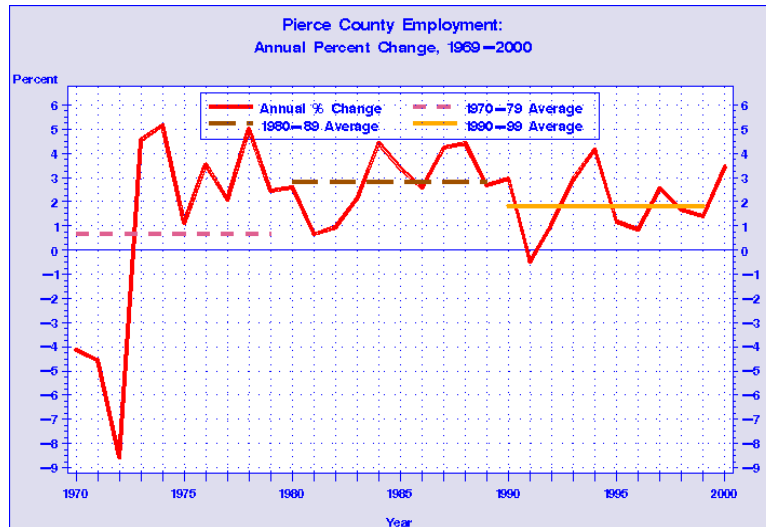
Figure 2: Pierce County, State, and U.S. Employment Growth 1970-2000



Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

In the past 30 years, Pierce County has experienced swings in employment growth, particularly in the early 1970s when Boeing employment was volatile. Figure 3 shows the annual percent changes in Pierce County employment since 1969 along with average growth rates displayed for each of the last three decades.

Figure 3: Pierce County Annual Employment Growth Since 1969

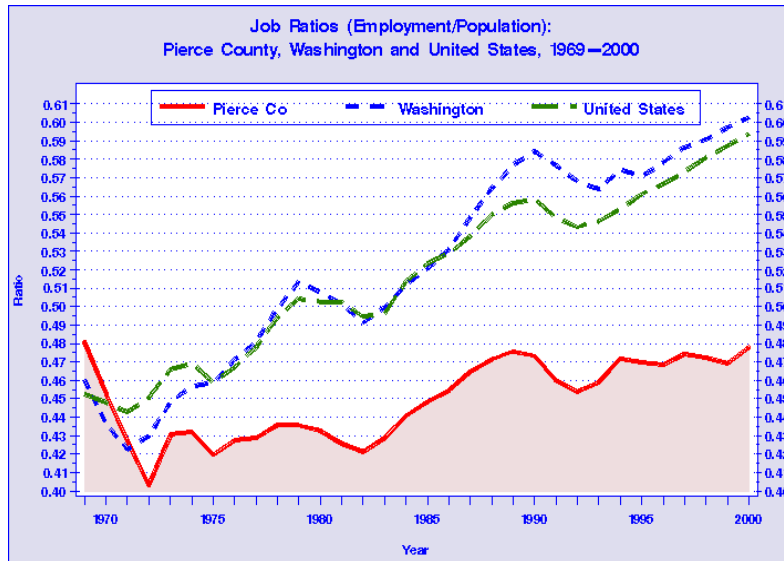


Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

The job ratios shown in Figure 4 for Pierce County, the State, and the nation serve as an indicator of the economy's growth capacity. The job ratio is defined as the number of full time and part-time jobs by place of work, divided by population. This is not a measure of the percent of the local population employed but an indication of whether the economy is generating enough jobs fast enough to absorb the increasing number of workers attendant to a growing population. Nationally, the job ratio rose from 0.45 to 0.59 (or from 45 to 59 jobs per 100 persons) between 1969 and 2000. Pierce County's job ratio registered 0.48 (48 jobs per 100 persons) in 1969, experienced a significant drop

in the early 1970s, and rebounded to 0.48 in 2000. Underlying the rising job ratio of the intervening decades has been increased labor force participation rates, primarily due to the number and proportion of women in the labor market.

Figure 4: Pierce County, State, and U.S. Job Ratio Trends Since 1969



Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

Many factors can contribute to regional differences in the job ratio. They include differences in the proportion of retirees, in the number and proportion of part-time and full time workers, in industry composition, in age and gender distribution, and in degree of urbanization. In addition, a disproportionate number of workers commuting to work outside the county tends to lower the local job ratio, while a net inflow of workers commuting to work inside the county tends to augment the local job ratio.

Regionally, an examination of the job per population indicator using 2001 PSRC Population and Employment Forecast data, shows some of these effects in the Tri-County region. The difference between the preceding BEA job ratios and the PSRC ratios for Pierce County (shown in Figure 5) is attributable to differences in the way the jobs are counted. PSRC employment data captures the total number of jobs located in an area, including part time, self-employed, proprietors, and military. It does not include resource industry (agriculture, forestry, fishing and mining) and construction industry employment. BEA data, however, used in the analysis of national and statewide trends, includes resource and construction employment. Population estimates include all persons (institutionalized and noninstitutionalized populations) residing within the forecast analysis zones (FAZ) that comprise the City.

Figure 5: Jobs per 100 Population

	1998	1990
University Place	16	
Pierce County	36	38
King County	69	65
Snohomish County	39	36
Tri-County	55	53

Source: 2001 PSRC Long Range Population and Employment Forecasts and Berk & Associates

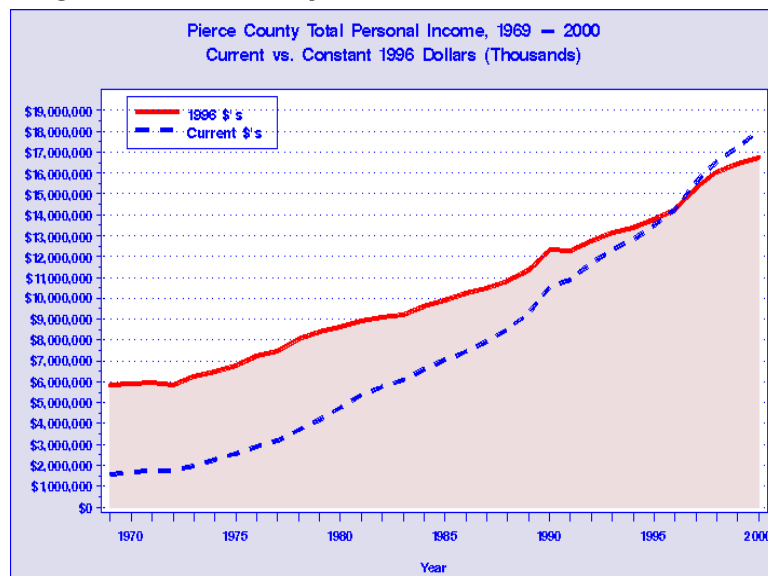
The Pierce County job base has traditionally experienced greater stability during an economic downturn than other areas of the Puget Sound region, due to its military, Port-related, and business services sector employment. In addition, area residents' reliance on employment outside of Pierce County has helped the greater Tacoma area economy survive losses in manufacturing and federal jobs.³ According to the Washington Research Council, "Commuting boosts Pierce County incomes by 21 percent."⁴ While not expected to have a large impact on Pierce County employment, the 2001 recession is expected to impact incomes of Pierce County residents given the large portion of County residents working in King County with the Boeing Company and technology firms.⁵

Personal Income

Personal income is the income received by all persons from working (participating in production), from government and business transfer payments, and from government interest. Measured before the deduction of personal income taxes and other personal taxes, personal income is the sum of net earnings by place of residence, and personal rental incomes, dividend payments, interest income, and transfer payments. Estimates of personal income provide a local level indicator of general purchasing power and are important to understanding patterns of economic growth and change. Estimates may be understated because income estimates of institutionalized populations – those residing in prisons, convalescent or mental hospitals, university dormitories, and military barracks – are not included in this data. In addition, non-monetary military compensation – including housing, retirement and health benefits, and commissary privileges, have not been quantified.

Figure 6 shows Pierce County's annual total personal income from 1969 to 2000 in current and constant (1996) dollars. Real personal income, expressed in constant dollar measurements, removes the effects of inflation and allows for comparison of changes in the real purchasing power of total personal income over time.

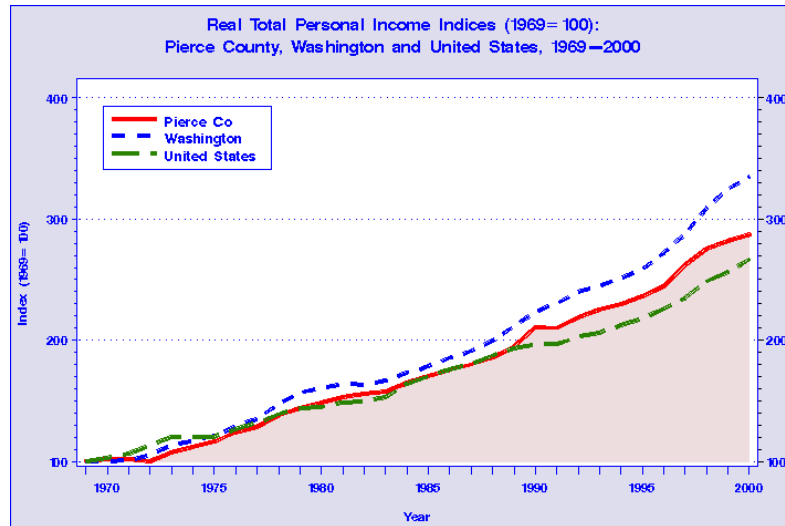
Figure 6: Pierce County Total Personal Income 1969-2000



Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

When measured in current dollars, Pierce County's total personal income tripled from about \$1.6 billion in 1969 to more than \$18 billion in 2000. When measured in constant 1996 dollars to adjust for inflation, the County's total personal income is about \$6 billion in 1969 compared to \$16.7 billion in 2000. Figure 7 shows a comparison of the County's growth in real total personal income (expressed in constant dollars) to the State and the national economies.

Figure 7: Pierce County State, and U.S. Total Personal Income 1969-2000

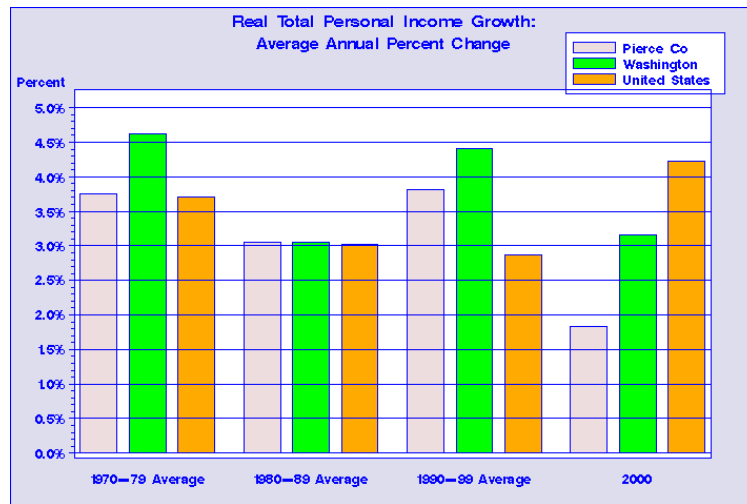


Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

Pierce County's total personal income increased 187% from 1969 - 2000, lagging behind the State's increase (235.1%), but outpacing the national increase of 167.1%. In 1969, Pierce County accounted for 11.3% of the State's total personal income, but in 2000 it represented 9.8% of the State's total.

Figure 8, on the following page, shows a comparison of the County's growth in real total personal income to the State and national economies by decade. Pierce County's average annual real personal income growth was slower than the State average during the 1970s (3.8% vs. 4.6%), the same as the State growth in the 1980s (3.1%), and again slower than the State in the 1990s (3.8% vs. 4.4%). In contrast, compared to national real personal income growth, Pierce County grew slightly faster during the 1970s (3.8% vs. 3.7%) and 1980s (3.1% vs. 3% in the 1980s), and significantly faster during the 1990s (3.8% vs. 2.9%). However, in 2000 the County's growth of 1.8% fell far below both the State (3.2%) and national (4.3%) growth rates.

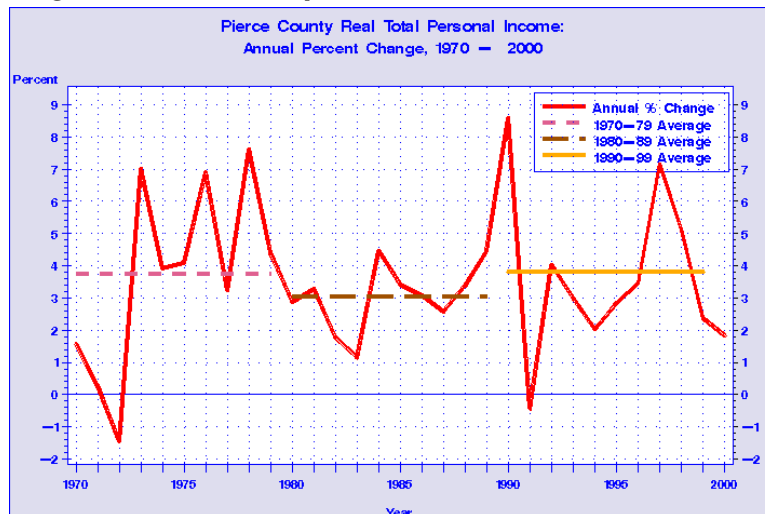
Figure 8: Pierce County, State, and U.S. Total Personal Income 1970-2000



Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

Figure 9 shows the volatility of the County's growth in real total personal income during the past 30 years. In the 1970s, Pierce County's real total personal income growth rate averaged 3.8%, 3.1% in the 1980s, and 3.8% in the 1990s. Although the averages for each decade have been relatively stable, this graph highlights major annual swings.

Figure 9: Pierce County Total Personal Income 1970-2000



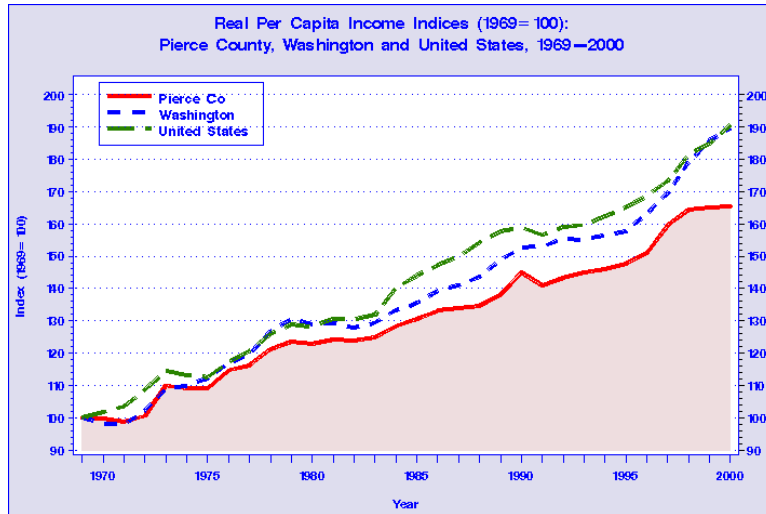
Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

Per Capita Income

Per capita personal income is the total personal income of an area divided by its resident population. Personal income is measured throughout the year, while the measurement of population is at one point in mid-year. Per capita income is used to assess the economic well being of a region's residents and the quality of consumer markets. It is also a useful tool to judge differences in relative economic prosperity between regions. The presence of institutionalized populations in Pierce County may have the effect of understating the Pierce County ratio slightly.

The pattern of growth in Pierce County's real per capita income is shown in Figure 10. In 1969, Pierce County's per capita income matched the national average. During the subsequent 30 years, Pierce County's per capita income relative to the national average declined and was 86.8% of the national average in 2000.

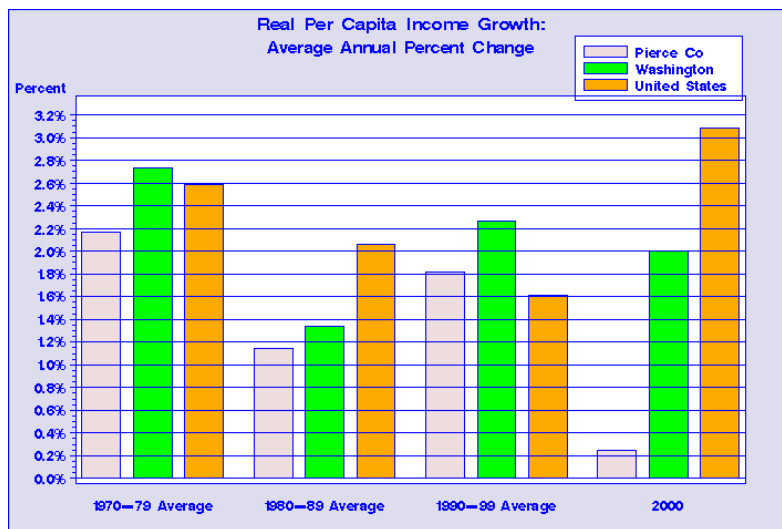
Figure 10: Pierce County, State, and U.S. Per Capita Income 1969–2000



Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

Figure 11 shows that Pierce County's average annual real per capita income growth lagged the State's average in all three decades – 1970s (2.2% vs. 2.7%), 1980s (1.1% vs. 1.3%), and 1990s (1.8% vs. 2.3%). In terms of national average real per capita growth, Pierce County trailed the nation in the 1970s (2.2% vs. 2.6%), had lower growth in the 1980s (1.1% vs. 2.1%), and exceeded average national growth rates in the 1990s (1.8% vs. 1.6%).

Figure 11: Pierce County, State, and U.S. Per Capita Income 1970-2000



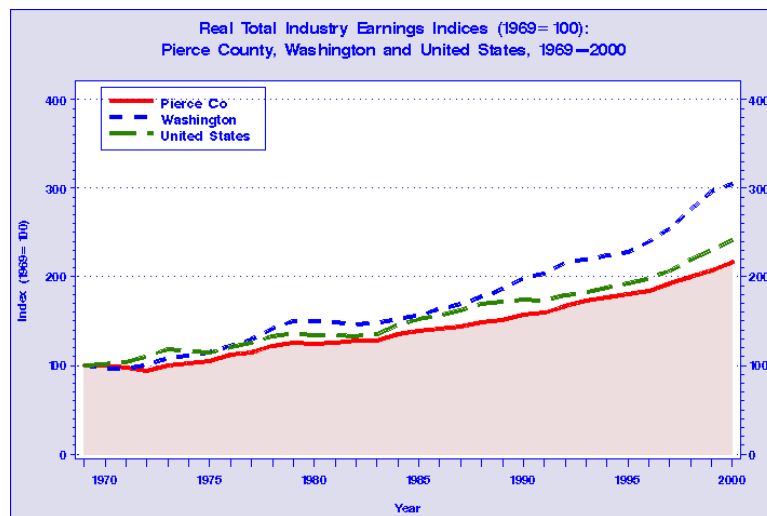
Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

Industry Earnings

Industry earnings are the incomes received by people who are directly involved with producing goods and services. Earnings include: (1) wage and salary disbursements, (2) other labor income, such as employer contributions to private retirement and medical insurance programs, and (3) the net incomes of proprietors (i.e. the owners of unincorporated enterprises). As with the employment data compiled by BEA, earnings data are reported on a place-of-work, or more accurately, on a place-where-earned basis. Industry earnings reflect qualitative differences in the contributions of labor toward the production of goods and services.

Figure 12 compares Pierce County's real total earnings growth with the State and the national economies from 1969 to 2000. Pierce County's real total earnings climbed 116.5% over 1969-2000, which was lower than the State's increase of 205.2%, and lower than the national increase of 141.2%.

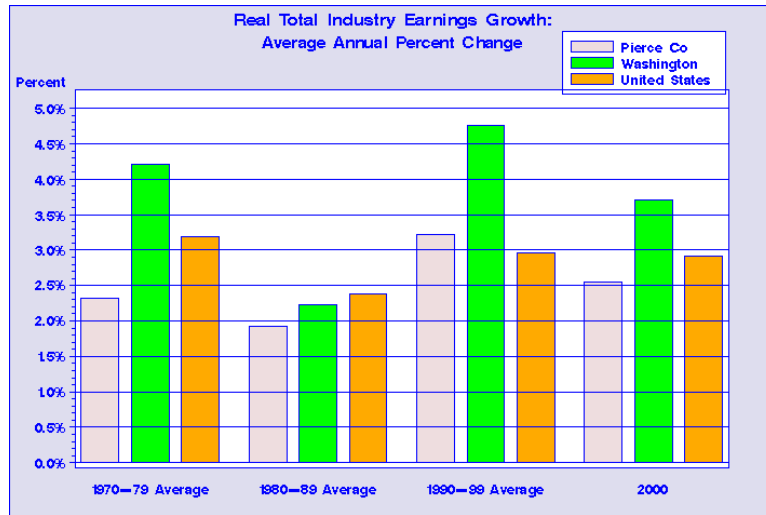
Figure 12: Pierce County, State, and U.S. Industry Earnings Increase 1969-2000



Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

Figure 13 shows Pierce County's average annual real industry earnings growth performance during the past three decades compared to the State and national performance. The County's growth was lower than the State's growth in each decade. Pierce County's growth was lower than U.S. growth in the 1970s (2.3% vs. 3.2%) and in the 1980s (1.9% vs. 2.4%), and more than U.S. growth in the 1990s (3.2% vs. 2.9%). In the year 2000, the County's growth again trailed that of the State and the nation.

Figure 13: Pierce County, State, and U.S. Industry Earnings Increase 1969-2000



Source: Washington State University Cooperative Extension and the Bureau of Economic Analysis, U.S. Department of Commerce

HISTORIC TAXABLE RETAIL SALES: UNIVERSITY PLACE

Figure 14 is based on data compiled from the Washington State Department of Revenue Quarterly Business Review Tables for Taxable Retail Sales from University Place. The data show that the number of firms generating retail sales tax in University Place has grown from 1,546 firms in 1996 to 2,583 in 2001. This represents approximately 13% average annual growth since 1996, with a 7% average annual growth in the past three years. The data does not encompass all sales and activities that are not subject to sales tax but provides a general indication of the level of business activity in University Place.

The Construction Contracting sector, which includes Building, Heavy Construction and Special Trades, represented the highest share of firms in 1996 with 36% of the total firms. This share decreased to 33% in 2001, and was followed by the Services and Retail sectors with 21% shares. Finance, Insurance, and Real Estate firms have had the highest percentage growth increase in the past three years at 19.8% average annual growth, followed by Manufacturing at 17%. Contracting, however, has produced the highest increase in the number of firms.

Figure 14: University Place Taxable Retail Sales and Number of Firms 1995-2001

University Place Number of Firms Generating Taxable Retail Sales										
INDUSTRY	1996 Distrib. %	1996	1997	1998	1999	2000	2001	2001 Distrib. %	'98-'01 Avg Annual Growth	'96-'01 Avg Annual Growth
Retail	23%	352	387	433	501	514	550	21%	9.0%	11.3%
Services	22%	340	421	468	525	548	551	21%	5.9%	12.4%
Contracting	36%	554	664	748	816	831	846	33%	4.4%	10.5%
Manufacturing	2%	32	43	53	64	70	80	3%	17.0%	30.0%
Transp., Commun., Util.	3%	39	45	64	67	78	90	3%	13.5%	26.2%
Wholesaling	7%	107	163	193	243	278	269	10%	13.1%	30.3%
Fin., Insur, Real Estate	2%	24	36	37	42	47	59	2%	19.8%	29.2%
Other Businesses	6%	98	120	118	126	142	138	5%	5.6%	8.2%
Total All Industries	100%	1,546	1,879	2,114	2,384	2,508	2,583	100%	7.4%	13.4%

University Place Taxable Retail Sales by Industry										
INDUSTRY	1996 Distrib. %	1996	1997	1998	1999	2000	2001	2001 Distrib. %	'98-'01 Avg Annual Growth	'96-'01 Avg Annual Growth
Retail	59%	\$ 54,524,356	\$ 59,602,342	\$ 63,594,784	\$ 65,961,711	\$ 80,258,584	\$ 85,009,265	49%	11%	11.2%
Services	19%	\$ 17,230,959	\$ 17,344,047	\$ 19,383,849	\$ 21,716,903	\$ 22,275,948	\$ 21,505,983	12%	4%	5.0%
Contracting	10%	\$ 8,997,865	\$ 17,128,801	\$ 21,745,339	\$ 26,829,553	\$ 27,652,538	\$ 39,736,166	23%	28%	68.3%
Manufacturing	2%	\$ 1,635,654	\$ 1,812,561	\$ 2,350,402	\$ 2,771,770	\$ 3,817,570	\$ 4,081,592	2%	25%	29.9%
Transp., Commun., Util.	4%	\$ 3,896,600	\$ 5,050,076	\$ 5,662,458	\$ 7,984,979	\$ 9,953,712	\$ 11,681,340	7%	35%	40.0%
Wholesaling	3%	\$ 2,853,490	\$ 3,503,018	\$ 4,126,968	\$ 5,712,430	\$ 6,775,129	\$ 4,563,251	3%	4%	12.0%
Fin., Insur, Real Estate	1%	\$ 1,209,249	\$ 1,266,272	\$ 1,810,239	\$ 4,027,568	\$ 3,948,453	\$ 5,231,256	3%	63%	66.5%
Other Businesses	2%	\$ 1,689,847	\$ 1,677,917	\$ 1,581,597	\$ 2,244,889	\$ 2,141,965	\$ 2,540,232	1%	20%	10.1%
Total All Industries	100%	\$ 92,038,020	\$ 107,385,034	\$ 120,255,636	\$ 137,249,803	\$ 156,823,899	\$ 174,349,085	100%	15%	17.9%

Source: Washington State Department of Revenue

Retail firms in the City generate the largest source of taxable retail sales, producing \$85 million or 49% of the \$174.3 million total taxable retail sales in 2001 (this is a decline from a 59% share in 1996). The Contracting sector's share of the total taxable retail sales increased from 10% in 1996 to 23% in 2001. By contrast, the service industry firms' share of the sales declined from 19% in 1996 to 12% in 2001.

ECONOMIC GROWTH FORECASTS: STATE OF WASHINGTON

Goods-Producing Employment

The State's OFM predicts continued strong demand over the next 25 years for goods produced by Washington's high-tech sectors, driven by capital investment in productivity enhancements.⁶ Statewide manufacturing employment is projected to increase 8% over this period in contrast to the national economy, which is expected to lose manufacturing jobs throughout the same period. Combined employment in electrical and non-electrical machinery and instruments manufacturing in Washington has risen at a healthy 5% average growth rate since 1970, almost double the pace of total employment growth.

Greater efficiencies and technological productivity enhancements is predicted to curb overall employment increases in the goods-producing sectors. Areas of expected decline include:

- Downsizing in lumber and wood products, apparel products, and paper and allied products;
- Aerospace employment, due to productivity gains and use of production capacity in other states and overseas.

Construction employment in the State has remained relatively stable compared to total employment in the past 30 years, despite fluctuations of boom and bust periods. The 1980s and 1990s saw strong construction activity fueled by a booming housing market, strong investment in commercial projects, and rising personal income combined with low interest rates. OFM predicts that over the next two decades construction employment's share of total non-agricultural employment will decline slightly from 6.0% in 2000 to 5.4% in 2025, largely as the result of slowdowns in population growth and in total employment growth. Evolving technology changes in telecommunications, teleconferencing, home and mobile offices, telecommuting, internet/electronic shopping, and inventory management will exert significant influence on the quantity and types of new construction.

Employment in the State's food processing sector is expected to remain flat through 2025 in contrast to sharp declines projected nationally. Long-term prospects for the State's processed fruits, vegetables, and specialty product looks particularly strong. Roast coffee and coffee products are a growing segment. Long-term demand for Washington's natural resource products is expected to continue to grow as both the national and international economies expand (particularly in Asia).

Washington's primary metals industry is expected to have stabilized employment over the long-term, despite the pressure of increased foreign competition and rising cost of inputs. The optimistic outlook for consumer and industrial durable goods is expected to result in strong demand for primary and fabricated metals.

Service-Producing Employment

Heightened demand for consumer services due to an increasing number of dual income families has accelerated job growth in services, retail trade, and other non-manufacturing sectors. In 1960, non-goods producing jobs were about 67% of the total non-agricultural wage and salary employment in the State. By 2000, this share had increased to 80% and is forecasted to increase to 84% by 2025. Services has been the fastest growing portion of the economy in recent years, and the trend is expected to continue. Combined, legal services, business services, engineering, management, and

accounting services, represent more than 33% of total services employment and are expected to grow to 36% by 2025. Much of the growth reflects the trend by businesses to contract-out certain functions. Also, the continued complexity of the legal, human resource, marketing, information technology, and e-commerce fields has resulted in more firms out-sourcing these functions or hiring specialized services to assist with these functions. In addition, increased usage of temporary personnel has met specialized needs or peak periods of demand. The growth in pre-packaged software sales in Washington, led by Microsoft, has been extremely strong. Jobs in this sector are expected to continue to experience growth. Personal and repair services are expected to be the weakest of the service subsectors, while hotels, amusement and recreation, education, and social services will be relatively strong.

Telecommunications is identified as the industry where most new products and services will be seen in the next decade. This is due primarily to integration of voice, data, and video services through wire line or wireless networks. Almost every aspect of telecommunications services (including local exchange, cellular and Internet technology, broadband networks, and global information flows) is expected to undergo paradigm shifts. The industry has also invested heavily in building and expanding infrastructure, and the U.S. Telecommunication Act of 1996 has begun to remove barriers to local competition.

Wholesale trade growth has been slower than retail trade in the past 30 years, largely from productivity-enhancing technologies and improvements in business practices. Wholesale trade industry employment is predicted to grow at a 1.2% average annual rate through 2025. Retail trade, as a percentage of State total employment, has increased over the last 30 years resulting largely from increases in income and spending power. Employment in the Finance, Insurance, and Real Estate sector has grown slightly faster than total non-agricultural employment and is expected to grow at a slower pace than in the past. Computerization and other productivity gains will offset demand resulting from higher incomes, demographic changes, and increased complexity in banking, finance, and insurance.

Government Employment

The State and local government employment share of the State's total wage and salary employment is expected to remain flat through 2025 despite projected increases in the demand for services provided by the public sector. Growth that does occur is expected to be at the local level. The impact of Initiative 601 and a growing sentiment for limiting government expansion and outsourcing certain functions to the private sector will have a dampening effect on government employment growth. The federal government share of total employment has declined since World War II, and the trend is expected to continue. Base closures and other realignments of recent years have transferred military personnel both into and out of Washington State, resulting in relatively stable military employment (or a net of almost no change) over the last decade.

GROWTH FORECASTS: REGIONAL AND LOCAL ECONOMY

Puget Sound Regional Council Economic Forecast Data

State agencies produce detailed historic economic data at the local, County and State level. Forecast information, however, is available at the county and state level only, not at the city level. The only entity that publishes readily-available economic projections for areas smaller than county level is the PSRC. The PSRC produces long-term estimates through 2030 for total population, total households, household income levels, and total employment by forecast analysis zone (FAZ).⁷ However, much of FAZ data follow the trends projected for each county.

Forecasts are prepared by PSRC staff by FAZ and circulated for review by a wide variety of public, private, and non-profit organizations, and finalized based on comments received. An important shortcoming of these forecasts is that they were developed using data available as of April 2001, which does not include the results of the 2000 Census or the PSRC's estimates of 2000 employment. The PSRC forecasted data used in this analysis might change significantly when the forecast data is updated for the 2000 Census. Nevertheless, despite the shortcomings in the forecasts, observations regarding general trend and conclusions can be drawn from the data currently available.

Development of Forecast Data for University Place

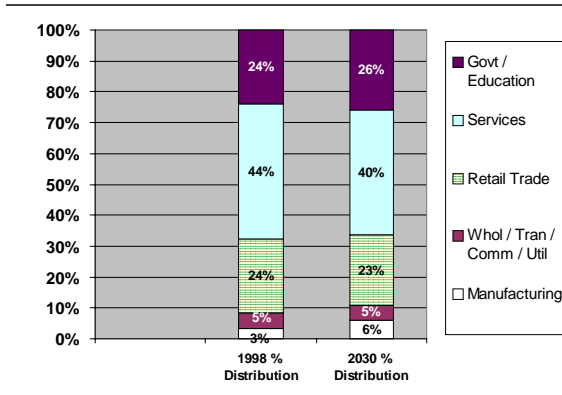
The forecast data does not identify stand-alone forecasts for University Place because the City boundary encompasses a portion of the Fircrest FAZ (FAZ 1505) and all of the University Park/Menlo Park (FAZ 1506). To develop economic forecasts for the City of University Place, PSRC data were reviewed and re-aggregated to represent an employment forecast for University Place. For future forecasts, the City has requested a separate FAZ from the PSRC for University Place.

It is assumed that an estimated 65.5% of FAZ 1505 employment data, combined with all of FAZ 1506 employment data, represent the PSRC employment forecast for University Place. This assumption is based on the finding that for 1998, the entire FAZ 1506 population plus 65.5% of FAZ 1505 population equaled the population estimate for University Place published by the State. For forecast purposes, it is assumed that this relationship holds true for years subsequent to 1998 and also that the population to employment relationship remains constant throughout the forecast period.

University Place and Pierce County Employment Growth

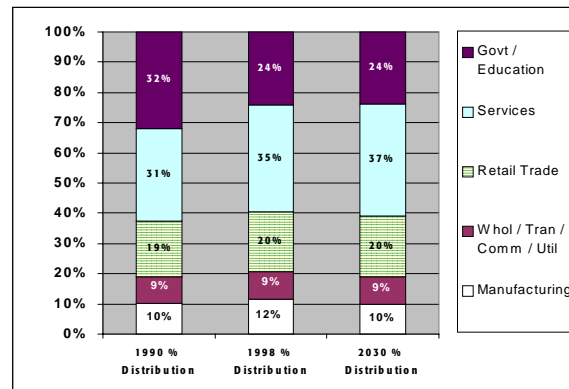
Figures 15 and 16 show the distribution of University Place and Pierce County total employment by sector using data aggregated from the PSRC. The figures do not contain data for University Place prior to incorporation in 1995. The graphs show several interesting trends for each period, summarized below.

Figure 15: University Place Employment by Sector



Source: PSRC and Berk & Associates, Inc.

Figure 16: Pierce County Employment by Sector



Source: PSRC and Berk & Associates, Inc.

Employment Trends and Forecasts for University Place and Pierce County

- The services sector is projected to be the primary employment generator for University Place, although this sector's share of total employment is projected to decline from 44% in 1998 to 40% in 2030.
- In 1998, the County's employment distribution by sector had shifted away from government and education (24% of employment) to the services sector (35% of employment). In 2030, the services sector for the County is projected to gain another 2% to reach 37% of total employment. Much of this growth is expected to be the result of a declining manufacturing sector, dropping from 12% in 1998 to 10% in 2030.
- University Place's government and education sector employment is expected to increase to 26% of total employment in 2030. This is slightly above the County's government and education employment share of 24%, projected to remain constant from 1998 to 2030.
- The retail sector share of University Place employment is projected to decline slightly from 24% in 1998 to 23% in 2030. This sector is forecasted to remain constant at 20% for the County.
- In the wholesale, transportation, communications, and utilities sectors, employment share is predicted to remain flat at a 5% for the City and at 9% for the County.
- The manufacturing sector's share of employment is projected to increase from 3% to 6% for University Place and to decline in Pierce County from 12% to 10% from 1998 to 2030.

Figures 17 and 18 show the historical and projected employment numbers by sector for University Place and Pierce County, based on PSRC data, from which Figures 15 and 16 were produced.

Figure 17: University Place Forecast Total Employment by Sector

	1990	1998	2010	2020	2030	Change 1998-2030	1990 % Distribution	1998 % Distribution	2030 % Distribution
	TOTAL EMPLOYMENT	-	5,182	6,203	6,524	6,770	1,588	0%	100%
Manufacturing	-	178	282	347	402	224	0%	3%	6%
Whol / Tran / Comm / Util	-	264	294	313	326	63	0%	5%	5%
Retail Trade	-	1,232	1,372	1,486	1,550	318	0%	24%	23%
Services	-	2,265	2,585	2,640	2,728	463	0%	44%	40%
Govt / Education	-	1,244	1,670	1,737	1,764	519	0%	24%	26%

Source: PSRC data and Berk & Associates, Inc.

Figure 18: Pierce County Forecast Total Employment by Sector

	1990	1998	2010	2020	2030	Change 1998-2030	1990 % Distribution	1998 % Distribution	2030 % Distribution
	TOTAL EMPLOYMENT	224,059	246,615	309,981	347,314	376,670	130,055	100%	100%
Manufacturing	22,774	28,399	32,903	35,864	37,073	8,674	10%	12%	10%
Whol / Tran / Comm / Util	19,695	23,138	30,814	33,808	35,126	11,988	9%	9%	9%
Retail Trade	41,676	48,490	58,098	67,601	75,439	26,949	19%	20%	20%
Services	68,418	86,871	107,123	122,205	139,081	52,210	31%	35%	37%
Govt / Education	71,496	59,717	81,043	87,836	89,951	30,234	32%	24%	24%

Source: PSRC data and Berk & Associates, Inc.

Figure 17 shows University Place's service sector employment share and projections. The services sector is projected to continue to have the largest share of employment (40% in 2030) and to produce 463 new jobs, when compared to 1998. The government and education sector is projected to have the second highest share of sector employment at 26% in 2030, but to create the most new jobs compared to 1998 with an increase of 519 jobs.

Figure 18 shows that Pierce County's services sector is projected to produce the highest number of new jobs from 1998 to 2030 with more than 52,000 incremental jobs. The Government/Education sector is predicted to be a distant second with more than 30,000 new jobs added from 1998 to 2030.

At least one local economist⁸ has noted that there appears to be a bias toward overly conservative forecast numbers for Pierce County and its subareas. There is a perception among many that business activity in King County is viewed as the primary driver of the Puget Sound economy, which has been robust in recent years, and strong economic growth is expected to continue over the long term. By contrast, many view Pierce County as having less attractive economic growth prospects simply because it has not experienced comparatively strong growth in recent years, and also because the County receives much less attention than does King County as a regional economic driver. This analysis does not make any adjustment in the PSRC forecast numbers for any potential bias that may be built into the numbers.

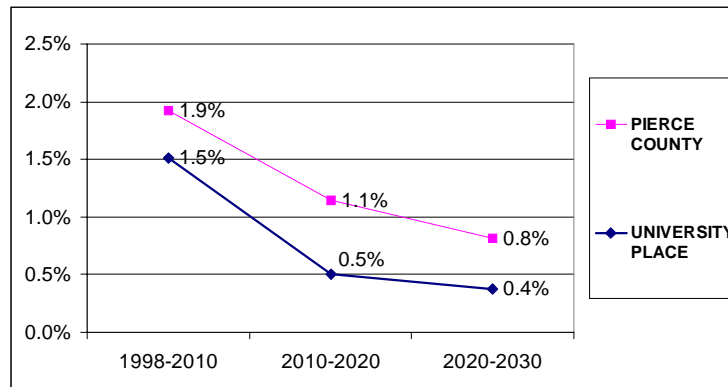
In addition, the PSRC forecasts do not account for changes in local policy or local capacity to absorb employment growth. As part of its Buildable Lands Study, Pierce County is producing an employment capacity analysis for area cities based on municipal estimates of supply of available or redevelopable

land and Growth Management Coordinating Council employment allocations. According to the draft version of this report, circulated for municipal review in August of 2002, University Place may have additional employment capacity, resulting in a slightly higher employment forecast for the City.

Total Employment

Figure 19 portrays a comparison of average annual employment growth rates for Pierce County and for University Place. Pierce County's projected 1.9% employment growth through the 2010 is expected to slow to 1.1% by 2020 and to 0.8% by 2030, but still expected to exceed University Place's employment growth throughout the forecast period.

Figure 19: Total Employment Average Annual Growth Forecast

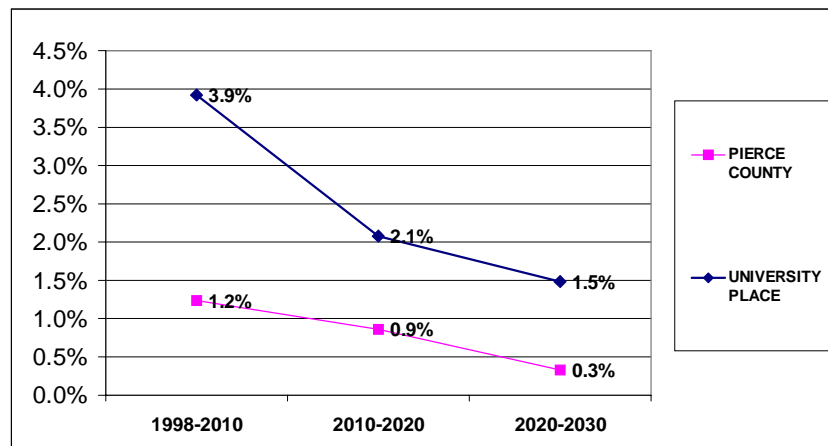


Source: PSRC data and Berk & Associates, Inc.

Manufacturing Sector

Pierce County's manufacturing employment increased by 5,625 from 1990 to 1998. Growth was concentrated in the sawmills and planing mills subsector, followed by the aircraft and parts subsector. Figure 20 shows projected manufacturing employment for Pierce County and University Place. The projected 3.9% average annual increase in manufacturing jobs through the current decade, seems high but is due in part to an increase from a small base of 178 estimated jobs to 282 by 2010. Even so, this extrapolated growth number from the PSRC data is likely overstated.

Figure 20: Manufacturing Employment Average Annual Growth Forecast



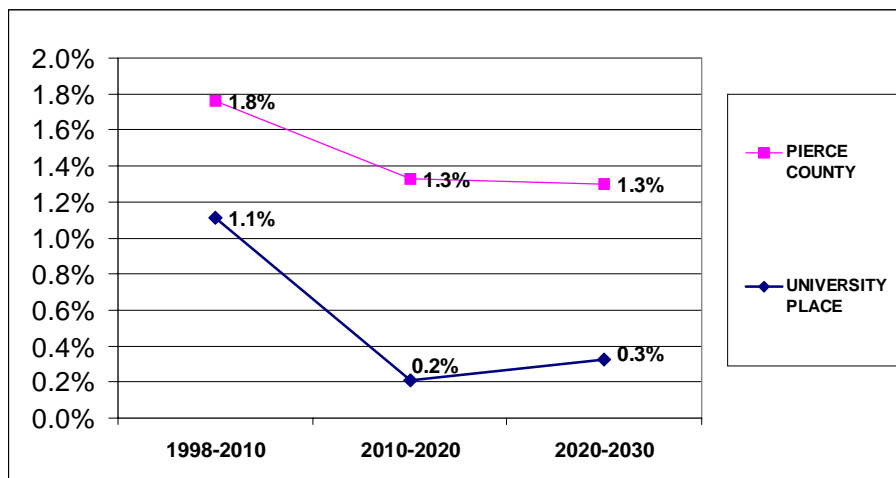
Source: PSRC data and Berk & Associates, Inc.

Services Sector

Figure 21 shows projected annual employment growth for the Services sector for Pierce County (1.8%) and University Place (1.1%) from 1998-2010. The increase in service sector employment in both Pierce County and University Place is largely attributed to growth in health care related jobs. This growth is forecasted to slow. The Washington Research Council has broken the Services sector growth into several subsectors. The hospitals subsector was Pierce County's largest service industry, with 8,130 jobs added from 1990 to 2000. Other subsectors followed – offices and clinics (4,480 jobs added), individuals and family services (4,200 jobs added), private colleges and universities (4,190 jobs added), and miscellaneous amusement and recreational services (3,790 jobs added).⁹

In contrast to the composition of Pierce County's service sector job growth, King County added 177,603 service jobs from 1990-1998. Growth in King County was driven by employment in the computer and data processing services, miscellaneous business services, personnel supply services, and research and testing services subgroups. Overall, in the State's economy, these subsectors are forecast to continue to have strong growth. Pierce County and University Place have not enjoyed the same level of growth in these service industries, relative to that of King County.

Figure 21: Service Employment Average Annual Growth Forecast



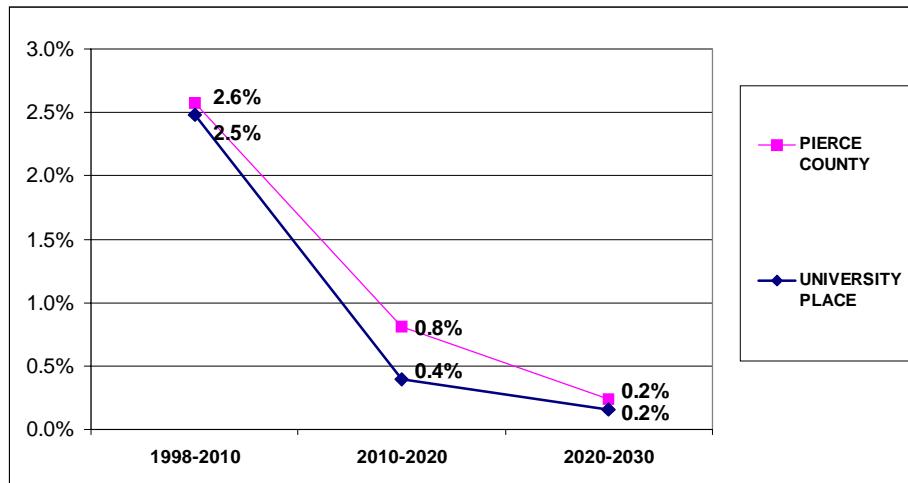
Source: PSRC data and Berk & Associates, Inc.

Government and Education Sector

The government sector is a major driver for Pierce County's economy, representing 24% of the County's jobs. Over 43% of County government sector employment is attributable to the military. University Place is also heavily reliant on government sector employment. State and local government employment increased to 20.5% and 18% respectively, over the 1990s. According to the Washington Research Council, Federal military and civilian government employment in Pierce County declined 19% and almost 15% respectively in Pierce County from 1990 to 1999.¹⁰ The Tacoma-Pierce County Chamber of Commerce has estimated that the active duty and civilian personnel employment at military installations remained relatively constant at about 33,000 throughout the decade of the 1990's, with annual fluctuations throughout the period.¹¹

It appears likely that there will continue to be regular military pay increases and improved medical benefit coverage for the military which will help stimulate the local economy and promote growth in the health care sector.¹² Government employment in the County is predicted to grow at 1.1% for 2000-2005 and 1.3% for 2005-2010, which is consistent with the 1.1% and 1.4% growth projections for the State. Figure 22 shows strong growth for the combined sectors of government and education for both the County and the City in the current decade, with lower growth forecast for the two subsequent decades.

Figure 22: Government/Education Employment Average Annual Growth Forecast

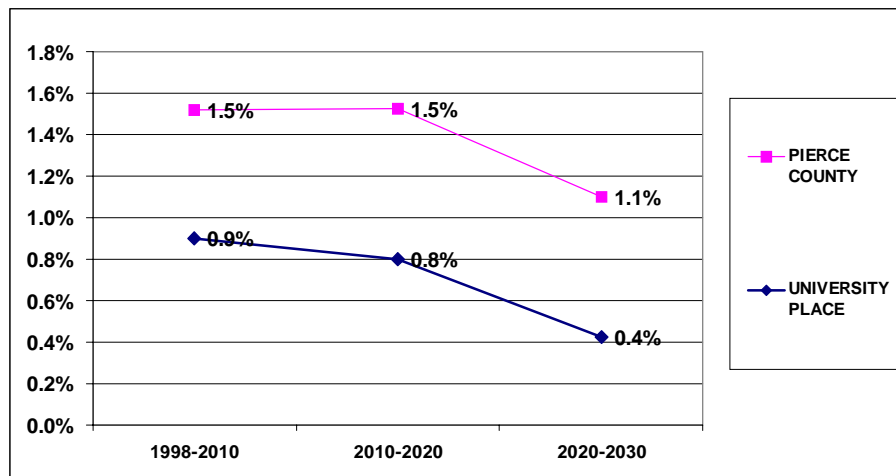


Source: PSRC data and Berk & Associates, Inc.

Retail Sector

University Place does not currently have a significant retail core. Consequently, residents spend many of their retail dollars outside the City. The forecast numbers in Figure 23 show a low retail average annual growth projection relative to Pierce County for each of the next three decades.

Figure 23: Retail Employment Average Annual Growth Forecast



Source: PSRC data and Berk & Associates, Inc.

Advanced Technology Sector

In contrast to King and Snohomish Counties, Pierce and Thurston Counties experienced minimal job growth during the last decade in the advanced technology industries, including high-tech manufacturing and communications, computer services, and aerospace subsectors. In the high-tech manufacturing subsector, which includes the electronics and allied fields, King and Snohomish Counties each had more than 11,000 jobs in these industries in 2000. In contrast, Pierce and Thurston Counties had fewer than 1,000 jobs.¹³ Snohomish County saw explosive growth from about 5,000 jobs in 1990 to more than 11,000 jobs in 2000. King County, with an increase of 43,000 jobs led by Microsoft's expansion, dwarfed the other three counties in computer services jobs. Together, Pierce, Snohomish, and Thurston Counties added 3,700 computer services jobs in the decade. King County also dominated in adding high-tech communications jobs in the last decade, increasing to 20,000 jobs. Pierce and Snohomish Counties, however, experienced job losses in the sector.

This subsector is expected to experience strong growth in the future. The infrastructure provided by the City of Tacoma's Click!Network and other telecommunications infrastructure investments are perceived to be a competitive advantage, and may possibly be leveraged if the network is extended outside the City boundary, to attract telecommunications companies to Pierce County and to University Place. When compared to ten other metropolitan areas, including Seattle and Spokane, the Growth Strategies Organization determined one of Tacoma-Pierce County's strengths to be its "outstanding telecommunications infrastructure."¹⁴

Some recent indicators are showing a surge in the technology sector in the South Puget Sound area. According to the Washington Research Council, there is an indication that Pierce County experienced growth in technology firms by 2001. In addition, the Washington Technology Center shows that overall, from 1998 to 2000, the technology sector grew in the South Puget Sound almost 93% and that almost 75% of the new firms are still in business one year later.¹⁵ If the Click!Network enters the University Place market, increased competition among providers may result in higher quality and better pricing. However, this network has not yet proven to draw many new high-tech companies to the Tacoma area relative to the Puget Sound region. For example, the South Puget Sound has about 9.4 technology jobs per 1,000 population, compared to the 50.7 and 99.1 jobs per 1,000 population in the North Puget Sound and King County, respectively.¹⁶

Industry Clustering

The geographic clustering of companies within the same industries or complementary industries is a key characteristic in a number of the region's key industry sectors. Companies may develop a geographic concentration around facilities and resources they rely on for goods transport or for the purpose of exchanging knowledge, developing a network of expertise, or taking advantage of an existing labor force. For example, in 1998 about 5,000 biotechnology and medical research jobs were distributed among more than 100 different companies located within a two-mile radius of the Fred Hutchinson Cancer Research Center in Seattle.¹⁷ This geographic concentration represented more than half of the region's jobs in biotechnology and medical research employment. Bothell-Woodinville and the SR-520 corridor are additional examples of other biotech and medical research corridors.

Computer-related companies developing software, hardware, and networking are clustered in various areas east of Lake Washington, with a significant congregation of 475 companies and 22,000 jobs located near Microsoft. This corridor extends from downtown Bellevue to SR-520 and Bellevue-Redmond Road. South Lake Union and downtown Seattle are also cluster locations for computer-related companies.

Telecommunications is another high-growth sector. Nearly 33% of the region's telecommunications jobs are located in Seattle, primarily in the northern part of downtown. In 1998, Kirkland and Bellevue each had more than 3,000 telecommunications jobs, and Everett and Issaquah were the only other two cities in the region with more than 1,000 telecommunications jobs. To a large extent, without an existing concentration of employment and firms in these sectors, Pierce County and its cities have missed out in experiencing the regional growth seen in recent years in these high-tech sectors.

In Pierce County, industry clustering has taken place primarily in wood products and in the maritime industries of fishery and seafood, boat and ship building, and water transportation. In 1998, the water transportation of freight and passengers sector provided 1,400 jobs at 20 companies along Commencement Bay in Tacoma. Eighteen ship and boat building companies in Tacoma and Fife provided a combined 380 jobs. In 1998, Tacoma had the largest concentration of wood products companies. There were 38 wood products companies located near the Puyallup River and Commencement Bay providing 3,500 jobs within a mile of these waterways.

The existence of industry clustering in other industries outside Pierce County can be an impediment to the County attracting new companies and expanding employment in those sectors. Companies prefer to locate in the presence of existing, successful companies because of the access to highly-trained workers already living and working in the area. The existing labor pool feeds new companies either through knowledge exchange or through employee movements between companies. These exchanges develop a community of professionals in competing and collaborating companies. With this system in place, it becomes more difficult for communities without these clusters and networks in place to attract businesses in those sectors, unless there are other clear competitive advantages to doing so.

SUMMARY OF FINDINGS

Growth Sectors

Over the past three decades (1970–2000), Pierce County has lagged behind State economic performance indicators in employment growth, personal income, per capita income, and industry earnings. Pierce County and University Place did not experience the economic benefits in some of the high-growth industry sectors to the extent some of its counterpart communities in the Puget Sound region have.

Much like Pierce County, employment in University Place is based primarily in the service, government and education sectors, with a large segment in health care, rather than in the expected high-growth services, which include business services, legal services, engineering, management and accounting. University Place is not easily accessible from I-5 and is currently not a destination for large-scale shopping or employment. Legal services, engineering, management and accounting are viewed as

having strong employment growth prospects over the long-term, and the County and City could target their efforts in attracting such firms.

Employment Forecasts

The PSRC employment forecast for Pierce County through 2030 and the extrapolated forecast for University Place indicate modest growth. From 1998 to 2010, growth is expected to be 1.9% for the County and 1.5% for the City. The pace of growth for Pierce County and University Place is expected to slow to less than 1% from 2020 to 2030.

The Services sector is projected to remain the primary employment base for University Place, although its share of total employment is projected to decline from 44% in 1998 to 40% in 2030. In 2030, service sector employment for the County is forecast to increase from 35% to 37%, which comes from a projected decline in manufacturing sector employment.

While Services will dominate area employment, by 2030, the government and education sectors are projected to produce the most (520) new jobs. Government and education employment is expected to increase for University Place to 26% of total employment in 2030. In the County, government and education employment is projected to remain constant at 24% from 1998 to 2030.

The Retail sector share and Wholesale, Transportation, Communications, and Utilities sector of employment for University Place and the County are forecast to remain relatively flat through 2030. The manufacturing sector share of employment from 1998 to 2030 is forecast to increase from 3% to 6% for University Place and to decline for Pierce County from 12% to 10%.

Industry Clustering Issues

Industry clustering is a factor in attracting new companies into an area and community. As a whole, the Puget Sound region is fairly well-positioned to take advantage of economic growth opportunities in high-tech manufacturing, telecommunications, computer services, and trade services subsectors. Employment growth projections for King County and Snohomish County in these growing subsectors are strong relative to the forecasts shown for Pierce County and University Place. University Place may be able to leverage its geographic proximity to DuPont and downtown Tacoma, which are viewed as favorable to high-tech companies. In addition, the City may attract residents to University Place who work in those areas.

Pierce County and University Place do not have existing clustering in these subsectors that has occurred to the extent it has in King and Snohomish Counties. This level of clustering can greatly influence attracting new companies to the local jurisdiction. In addition to recent infrastructure investments in the area, flexibility of the UW Tacoma's training program, and continued efforts of the Technology Consortium, Pierce County and University Place may need to consider offering other incentives to induce companies to locate in their communities and to create their own clusters.

EXHIBIT 1

Reference Footnotes

EXHIBIT 1

Reference Footnotes

- ¹ **Economic Development Strategy for the Tacoma – Pierce County Metropolitan Region**, Growth Strategies Organization, March 2000.
- ² **Northwest Income Indicators Project**, Washington State University Cooperative Extension and Bureau of Economic Analysis, U.S. Department of Commerce, 2002.
- ³ **Economic Development Strategy for the Tacoma – Pierce County Metropolitan Region**, Growth Strategies Organization, March 2000.
- ⁴ **A Regional Economic Vitality Agenda**, Washington Research Council, October 2001.
- ⁵ **Pierce County Economic Index – “Horizons 2002: Twist and Shout”**, Tacoma –Pierce County Chamber, December 2001.
- ⁶ **2001 Long Term Economic Labor Force Forecast for Washington**, State of Washington Office of Financial Management, 2001.
- ⁷ **Puget Sound Forecast Long-range Population and Employment**, Puget Sound Regional Council, May 2001.
- ⁸ **Chris Johnson**, Regional Economist, Tacoma Office of Labor Market and Economics Branch of Washington State Employment Security Department, Phone Interview May 14, 2002.
- ⁹ **A Regional Economic Vitality Agenda**, Washington Research Council, October 2001.
- ¹⁰ **Ibid.**
- ¹¹ **National Defense: Impact of Tacoma-Pierce County Installations as of Calendar Year End**, Tacoma-Pierce County Chamber of Commerce, February 1, 2001.
- ¹² **Chris Johnson**, Regional Economist, Tacoma Office of Labor Market and Economics Branch of Washington State Employment Security Department, Phone Interview May 14, 2002.
- ¹³ **A Regional Economic Vitality Agenda**, Washington Research Council, October 2001.
- ¹⁴ **Economic Development Strategy for the Tacoma – Pierce County Metropolitan Region**, Growth Strategies Organization, March 2000.
- ¹⁵ **Index of Innovation & Technology Washington State 2001**, Washington Technology Center, June 2001.
- ¹⁶ **Ibid.**
- ¹⁷ **1999 Central Puget Sound Regional Economic Report**, Puget Sound Regional Council, December 1999.

EXHIBIT 2

PSRC Economic Forecast Data

Long-Range Population and Employment Forecasts from PSRC Data Tables

		1980	1990	1998	2010	2020	2030				
UNIVERSITY PLACE	TOTAL POPULATION			29,030	34,030	37,462	39,972				
	Avg Household Size			2.45	2.25	2.28	2.26				
PIERCE COUNTY	TOTAL POPULATION	485,667	586,203	686,874	812,859	892,314	951,747				
	Avg Household Size	2.66	2.62	2.62	2.42	2.44	2.43				
KING COUNTY	TOTAL POPULATION	1,269,898	1,507,305	1,665,305	1,949,816	2,151,281	2,368,159				
	Avg Household Size	2.49	2.40	2.40	2.24	2.21	2.14				
SNOHOMISH COUNTY	TOTAL POPULATION	337,720	465,628	567,227	757,337	878,579	982,317				
	Avg Household Size	2.76	2.68	2.67	2.53	2.55	2.51				
								1990 %	1998 %	2030 %	
								Distribution	Distribution	Distribution	
UNIVERSITY PLACE	TOTAL HOUSEHOLDS			12,836	15,089	16,404	17,617	100%	100%	100%	
	Single Family Households			8,105	8,818	8,273	10,651	63%	60%	60%	
	Multi-family households			4,732	6,272	6,311	6,967	37%	40%	40%	
PIERCE COUNTY	TOTAL HOUSEHOLDS	174,232	214,652	254,038	326,691	354,413	380,756	100%	100%	100%	
	Single Family Households	131,529	161,673	192,313	230,644	250,985	268,318	75%	76%	70%	
	Multi-family households	42,703	52,979	61,725	96,047	103,047	112,438	25%	24%	30%	
KING COUNTY	TOTAL HOUSEHOLDS	497,263	615,792	682,637	856,780	956,667	1,086,798	100%	100%	100%	
	Single Family Households	344,685	405,025	441,771	502,172	557,192	604,562	66%	65%	56%	
	Multi-family households	152,578	210,767	240,866	354,608	399,475	482,236	34%	35%	44%	
SNOHOMISH COUNTY	TOTAL HOUSEHOLDS	120,699	171,713	208,969	296,052	341,077	386,484	100%	100%	100%	
	Single Family Households	97,686	130,266	157,128	202,770	233,628	262,459	76%	75%	68%	
	Multi-family households	23,013	41,447	51,841	93,282	107,449	124,025	24%	25%	32%	
UNIVERSITY PLACE	Lower Income Households			2,690	3,202	3,513	3,716	21%	21%		
	Lower Mid Inc Households			2,930	3,401	3,711	4,001	23%	23%		
	Upper Mid Inc Households			3,464	4,084	4,466	4,901	27%	28%		
	Upper Income Households			3,752	4,402	4,714	5,000	29%	28%		
PIERCE COUNTY	Lower Income Households	52,478	66,682	76,658	92,114	97,657	101,508	31%	30%	27%	
	Lower Mid Inc Households	47,584	58,734	69,357	87,497	92,787	97,910	27%	27%	26%	
	Upper Mid Inc Households	42,091	51,804	61,867	80,750	88,421	96,486	24%	24%	25%	
	Upper Income Households	32,081	37,429	46,156	66,330	75,548	84,852	17%	18%	22%	
KING COUNTY	Lower Income Households	118,740	143,515	160,503	210,719	239,125	269,021	23%	24%	25%	
	Lower Mid Inc Households	119,111	144,769	159,681	202,725	229,297	264,332	24%	23%	24%	
	Upper Mid Inc Households	121,839	150,568	166,183	207,112	230,757	267,286	24%	24%	25%	
	Upper Income Households	137,578	176,941	196,270	236,224	257,448	286,159	29%	29%	26%	
SNOHOMISH COUNTY	Lower Income Households	26,646	39,954	49,619	68,196	77,938	86,095	23%	24%	22%	
	Lower Mid Inc Households	30,097	45,040	54,891	77,090	87,899	97,911	26%	26%	25%	
	Upper Mid Inc Households	33,487	47,014	56,637	79,718	91,574	104,916	27%	27%	27%	
	Upper Income Households	30,467	39,709	47,822	71,048	83,666	97,562	23%	23%	25%	
UNIVERSITY PLACE	TOTAL EMPLOYMENT			5,182	6,203	6,524	6,770	100%	100%	100%	
	Manufacturing			178	282	347	402	3%	3%	6%	
	Whol / Tran / Comm / Util			264	294	313	326	5%	5%	5%	
	Retail Trade			1,232	1,372	1,486	1,550	24%	23%	23%	
	Services			2,265	2,585	2,640	2,728	44%	44%	40%	
	Govt / Education			1,244	1,670	1,737	1,764	24%	26%	26%	
PIERCE COUNTY	TOTAL EMPLOYMENT	175,904	224,059	246,615	309,981	347,314	376,670	100%	100%	100%	
	Manufacturing	22,900	22,774	28,399	32,903	35,864	37,073	10%	12%	10%	
	Whol / Tran / Comm / Util	14,802	19,695	23,138	30,814	33,808	35,126	9%	9%	9%	
	Retail Trade	28,498	41,676	48,490	58,098	67,601	75,439	19%	20%	20%	
	Services	44,202	68,418	86,871	107,123	122,205	139,081	31%	35%	37%	
	Govt / Education	65,502	71,496	59,717	81,043	87,836	89,951	32%	24%	24%	
KING COUNTY	TOTAL EMPLOYMENT	697,401	972,567	1,150,170	1,401,625	1,504,746	1,608,554	100%	100%	100%	
	Manufacturing	146,001	173,548	174,188	168,731	160,308	150,847	18%	15%	9%	
	Whol / Tran / Comm / Util	105,401	139,747	166,190	190,255	199,236	201,664	14%	14%	13%	
	Retail Trade	126,603	169,426	194,496	227,040	249,004	269,643	17%	17%	17%	
	Services	207,398	353,447	473,314	641,479	714,337	794,934	36%	41%	49%	
	Govt / Education	111,998	136,399	141,982	174,120	181,861	191,466	14%	12%	12%	
SNOHOMISH COUNTY	TOTAL EMPLOYMENT	103,401	169,350	219,353	264,108	294,653	324,345	100%	100%	100%	
	Manufacturing	34,498	52,567	69,519	68,826	69,455	69,922	31%	32%	22%	
	Whol / Tran / Comm / Util	8,901	12,931	15,435	19,026	22,446	24,086	8%	7%	7%	
	Retail Trade	21,401	35,476	42,119	51,289	60,157	67,769	21%	19%	21%	
	Services	20,599	42,904	60,909	78,137	93,051	106,501	25%	28%	33%	
	Govt / Education	18,002	25,472	31,371	46,830	49,544	56,067	15%	14%	17%	

Source: Puget Sound Regional Council and Berk & Associates

Note: UP figures are based on an extrapolation of PSRC's Forecast Analysis Zone 1506 for University Park/Menlo Park & 65.5% of FAZ 1505 for Fircrest. The 65.5% portion from Fircrest was based on the percentage of FAZ 1505's 1998 population that, when combined with FAZ 1506, would equal the 29,030 OFM 1998 population figure for University Place. This % was then applied to the other figures in FAZ 1505 and combined with FAZ 1506 to compute a forecast and historical look for University Place.

Annual Average Growth Rates from PSRC Data Tables

		1970-1980	1980-1990	1990-1998	1998-2010	2010-2020	2020-2030		
UNIVERSITY PLACE	TOTAL POPULATION				1.3%	1.0%	0.7%		
	Avg Household Size				-0.7%	0.1%	-0.1%		
PIERCE COUNTY	TOTAL POPULATION	1.7%	1.9%	2.0%	1.4%	0.9%	0.6%		
	Avg Household Size	-0.8%	-0.2%	0.0%	-0.7%	0.1%	0.0%		
KING COUNTY	TOTAL POPULATION	0.9%	1.7%	1.3%	1.3%	1.0%	1.0%		
	Avg Household Size	-1.5%	-0.4%	0.0%	-0.6%	-0.1%	-0.3%		
SNOHOMISH COUNTY	TOTAL POPULATION	2.4%	3.3%	2.5%	2.4%	1.5%	1.1%		
	Avg Household Size	-1.6%	-0.3%	0.0%	-0.4%	0.1%	-0.2%		
							1990-2010	2010-2020	2020-2030
UNIVERSITY PLACE	TOTAL HOUSEHOLDS				1.4%	0.8%	0.7%		
	Single Family Households				0.7%	-0.6%	2.6%		
	Multi-family households				2.4%	0.1%	1.0%		
PIERCE COUNTY	TOTAL HOUSEHOLDS	3.5%	2.1%	2.1%	2.1%	0.8%	0.7%		
	Single Family Households	2.8%	2.1%	2.2%	1.5%	0.8%	0.7%		
	Multi-family households	6.0%	2.2%	1.9%	3.8%	0.7%	0.9%		
KING COUNTY	TOTAL HOUSEHOLDS	2.4%	2.2%	1.3%	1.9%	1.1%	1.3%		
	Single Family Households	1.8%	1.6%	1.1%	1.1%	1.0%	0.8%		
	Multi-family households	3.9%	3.3%	1.7%	3.3%	1.2%	1.9%		
SNOHOMISH COUNTY	TOTAL HOUSEHOLDS	4.1%	3.6%	2.5%	2.9%	1.4%	1.3%		
	Single Family Households	3.5%	2.9%	2.4%	2.1%	1.4%	1.2%		
	Multi-family households	7.1%	6.1%	2.8%	5.0%	1.4%	1.4%		
UNIVERSITY PLACE	Lower Income Households				1.5%	0.9%	0.6%		
	Lower Mid Inc Households				1.2%	0.9%	0.8%		
	Upper Mid Inc Households				1.4%	0.9%	0.9%		
	Upper Income Households				1.3%	0.7%	0.6%		
PIERCE COUNTY	Lower Income Households	2.1%	2.4%	1.8%	1.5%	0.6%	0.4%		
	Lower Mid Inc Households	3.8%	2.1%	2.1%	2.0%	0.6%	0.5%		
	Upper Mid Inc Households	4.7%	2.1%	2.2%	2.2%	0.9%	0.9%		
	Upper Income Households	3.9%	1.6%	2.7%	3.1%	1.3%	1.2%		
KING COUNTY	Lower Income Households	2.5%	1.9%	1.4%	2.3%	1.3%	1.2%		
	Lower Mid Inc Households	2.6%	2.0%	1.2%	2.0%	1.2%	1.4%		
	Upper Mid Inc Households	2.2%	2.1%	1.2%	1.9%	1.1%	1.5%		
	Upper Income Households	2.4%	2.5%	1.3%	1.6%	0.9%	1.1%		
SNOHOMISH COUNTY	Lower Income Households	2.6%	4.1%	2.7%	2.7%	1.3%	1.0%		
	Lower Mid Inc Households	2.7%	4.1%	2.5%	2.9%	1.3%	1.1%		
	Upper Mid Inc Households	4.7%	3.5%	2.4%	2.9%	1.4%	1.4%		
	Upper Income Households	6.5%	2.7%	2.4%	3.4%	1.6%	1.5%		
UNIVERSITY PLACE	TOTAL EMPLOYMENT				1.5%	0.5%	0.4%		
	Manufacturing				3.9%	2.1%	1.5%		
	Whol / Tran / Comm / Util				0.9%	0.6%	0.4%		
	Retail Trade				0.9%	0.8%	0.4%		
	Services				1.1%	0.2%	0.3%		
	Govt / Education				2.5%	0.4%	0.2%		
PIERCE COUNTY	TOTAL EMPLOYMENT	0.7%	2.4%	1.2%	1.9%	1.1%	0.8%		
	Manufacturing	1.3%	-0.1%	2.8%	1.2%	0.9%	0.3%		
	Whol / Tran / Comm / Util	1.4%	2.9%	2.0%	2.4%	0.9%	0.4%		
	Retail Trade	3.1%	3.9%	1.9%	1.5%	1.5%	1.1%		
	Services	4.3%	4.5%	3.0%	1.8%	1.3%	1.3%		
	Govt / Education	-2.0%	0.9%	-2.2%	2.6%	0.8%	0.2%		
KING COUNTY	TOTAL EMPLOYMENT	4.1%	3.4%	2.1%	1.7%	0.7%	0.7%		
	Manufacturing	4.6%	1.7%	0.0%	-0.3%	-0.5%	-0.6%		
	Whol / Tran / Comm / Util	3.9%	2.9%	2.2%	1.1%	0.5%	0.1%		
	Retail Trade	4.7%	3.0%	1.7%	1.3%	0.9%	0.8%		
	Services	4.0%	5.5%	3.7%	2.6%	1.1%	1.1%		
	Govt / Education	3.2%	2.0%	0.5%	1.7%	0.4%	0.5%		
SNOHOMISH COUNTY	TOTAL EMPLOYMENT	3.6%	5.1%						