

Economy



An employee at Olympia local business, Olykraut, stands in front of their wares

Olympia's economy is the key to fund the public services and amenities that contribute to a vital, livable community. Providing a high quality of life is the most effective tool for attracting and maintaining high quality job opportunities in the community. In other words, livability is the most powerful economic engine available.

For a community, the word "economy" means the goods and services we make and use, and the wages, taxes and costs associated with them. Olympians value an economy where:

- Employers provide plentiful family wage jobs
- Consumers and City government support local entrepreneurs
- We strive to acquire and support goods and services from local sources
- Our highly educated workforce, entrepreneurial spirit and culture of innovation energize our economy
- Art projects, art events, and support for the arts are integral to the community

A healthy economy must provide jobs that pay a "living wage." A living wage allows households to meet their basic needs without the need for public assistance. The level of a living wage will vary based on the size and make-up of the household. The following table summarizes Olympia's living wage, based on household budgets for food, housing, transportation, child care, and other needs, and assuming full-time, year-round employment.

Household (HH) type	Living Wage		
	HH Monthly Income Needed	HH Annual Income Needed	Living Wage Per Worker
Single Adult	\$2,365	\$28,378	\$13.64
One Adult, one child (6-8)	\$3,438	\$41,260	\$19.84
One Adult, two children (1-2, & 6-8)	\$4,103	\$49,232	\$23.66
Two adults (one working), two children	\$3,719	\$44,630	\$21.46
Two adults (both working), two children	\$5,286	\$63,430	\$15.25

For a healthy economy to thrive over the long run, it must be able to absorb market changes and business

cycle fluctuations. Often this requires a diversity of economic sectors to provide some cushioning for impacts when one or more sectors decline. The fiscal result of a healthy economy is a reliable tax base, with revenues that keep pace with inflation, leading to a higher quality of life through better community services and amenities. When Olympia's economy and tax receipts are unable to pay for existing programs and amenities, the City must shed jobs and eliminate services to correct the imbalance.

Olympia's Economic Profile

In general, cities have a small part to play in the economic development arena and Olympia is no exception. However, the City has the following roles;

- They can use their land use authority to provide places for businesses to locate
- They can maintain efficient, fair, and predictable permitting processes to reduce uncertainty with costs and timelines for permit review. The decision making process should be transparent and equitable (i.e., no hidden rules)
- They can effectively collaborate with other public and private entities that have more direct roles in economic development, such as ports, business associations, and economic development associations
- They can develop and maintain the community infrastructure needed for healthy businesses and neighborhoods
- They can invest in traditional infrastructure (e.g., roads, sewer and water) and less traditional infrastructure (e.g., schools, parks, arts, and a healthy natural environment) to enhance the quality of life.

Olympia is the State Government capital and County seat. In addition to providing local jobs, we benefit indirectly from the state-wide economy, which is more diverse than the local one. This typically helps shield us from the wide swings of economic cycles. Government is the largest employer in Thurston County, with an average of 35,867 jobs provided in 2010. Fluctuations in state government can affect our local economy.

Olympia is a regional medical center, serving Thurston, Mason, Gray's Harbor and Lewis counties. Health care is the County's second largest employment sector, with an estimated 11,595 jobs. Olympia's shopping mall, auto mall, and downtown business core also make our City the region's largest retail activity center, and significant sales tax revenue. With an estimated 11,076 jobs, retail trade is the county's third largest employment sector. However, unlike our two strongest employment sectors, these jobs provide just under the average living wage recommended for a single adult in Olympia.

Industry	Avg. Employ.	Avg. Ann. Wage
Ag., forestry, fishing, hunting	1,370	\$32,491
Mining	35	\$41,204
Utilities	169	\$75,435
Construction	3,274	\$41,893
Manufacturing	3,088	\$43,234
Wholesale Trade	2,697	\$83,700
Retail Trade	11,076	\$26,316
Trans., warehousing	1,684	\$34,449
Information	991	\$46,379
Finance, insurance	2,159	\$53,953
Real est., rental, leasing	1,272	\$28,824
Prof. & tech. svcs	3,244	\$54,790

Mgt of comp. & ent.	663	\$59,515
Admin and waste svcs	3,319	\$25,449
Educational svcs	1,271	\$42,351
Health care, social assist.	11,595	\$42,206
Arts, ent., rec.	1,189	\$16,783
Accomm., food svcs	7,517	\$15,665
Other svcs, except public admin	4,431	\$25,753
Government	35,867	\$53,014
Not Elsewhere Classified	0	\$0
Total	96,767	\$42,370

Olympia is the community's center for restaurants, arts and entertainment. There are three colleges within the immediate vicinity of Olympia, The Evergreen State College, St. Martin's University, and South Puget Sound Community College. These institutions have a large impact on the culture of our community, and have a major influence on the high average level of education we enjoy.

Olympia is also the only city in the County with a deep water harbor. The Port of Olympia operates a Marine Terminal for import and export of marine cargo products, the largest recreational boating marina on South Puget Sound, and a state-of-the-art boatyard. The Port is also a platform for a variety of private marine-related businesses and others such as the Batdorf and Bronson Roasting House, the Olympia Farmers' Market, and professional offices and retail space.

Among our partners in economic development, the Port of Olympia has the closest relationship to Olympia's economy. The Port is a special-purpose district with boundaries the same as Thurston County. Its mission is to grow the Thurston County economy, move people and goods, and improve the County's recreation options and environment.

The Port of Olympia owns 200 acres along Budd Inlet that are adjacent to Olympia's central business district. The land use plan for its Olympia properties includes industrial uses in the vicinity of the Marine Terminal, recreational boating uses at the Swantown Marina and Boatyard, and mixed uses in the Market, North Point, and East Bay Districts. Recreational uses are envisioned throughout the mixed use districts and Marina. East Bay development is a \$5 million investment and opportunity. Home to the Hands on Children's Museum and East Bay Plaza, this redevelopment project has set the stage for significant downtown redevelopment.

Although the Port of Olympia is much less a factor in the local economy than state government, its potential is significant. The Port uses an important natural resource, namely Puget Sound access, and, at the same time, provides an opportunity for economic diversity. The Port also acts as the southern gateway to Puget Sound.

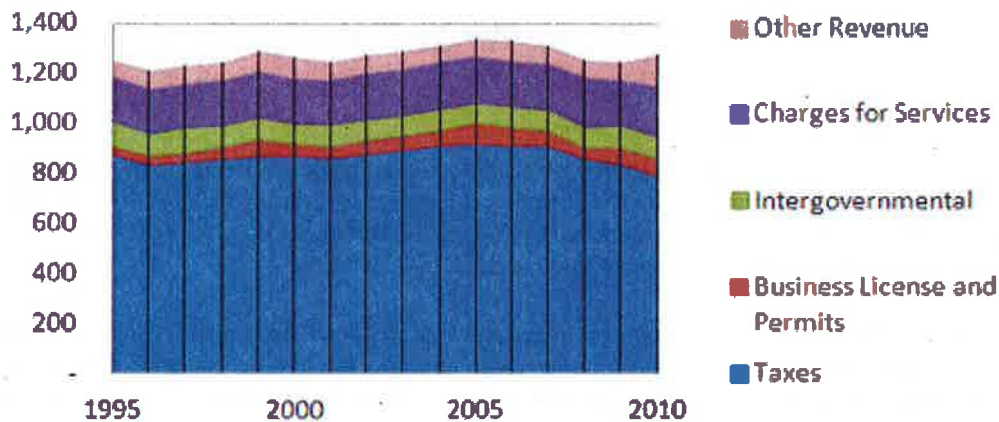
In addition, Olympia is well-served by a highway network, including Interstate 5 and Highway 101 with links to State Route 8, leading to the Olympic and Kitsap Peninsulas. Olympia's location provides easy access to a variety of recreational opportunities from bike trails and kayaking within city limits to skiing and hiking in the mountains and beachcombing along the coast.

A Healthy Economy Enhances our Quality of Life

In general, Olympia has enjoyed a healthy economy, which enhances our quality of life. For example, the City of Olympia's fairly stable revenue base allows us to invest in public improvements and public services. These include the Washington Center for the Performing Arts, The Olympia Center, Percival

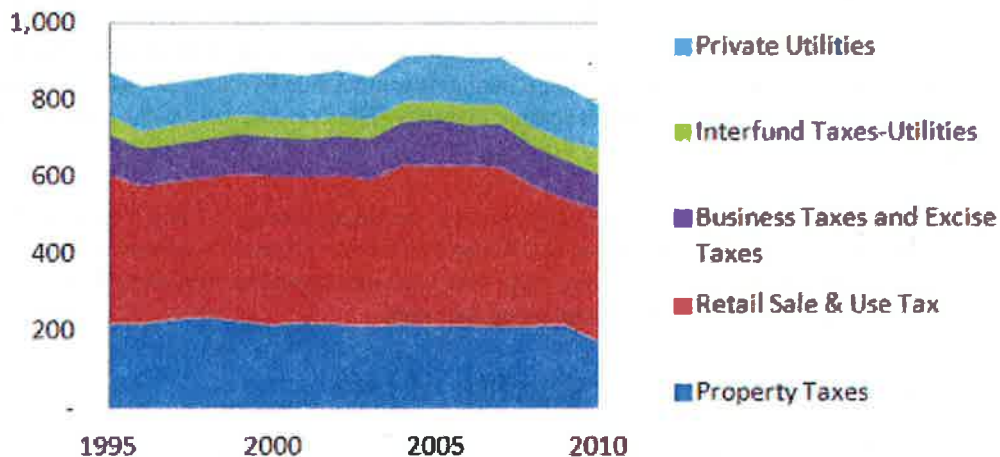
Landing, the Farmers Market, new sewer capacity, new roads, and other infrastructure. Our high quality of life, in turn, makes this a good place for private investment. Private investment further increases the City's revenue base, allowing for more community improvements.

**Olympia General Fund Revenues
Per Capita
Adjusted for Inflation (2010 \$)**



Olympia's revenue comes from a mix of taxes and fees. The Olympia General Fund Revenues Per Capita table shows the sources of the City's General Fund revenues, over the last 15 years on a per capita basis. Olympia's largest revenue source is taxes, which represents well over half of the General Fund's revenue. The Olympia Tax Revenues Per Capita table provides a breakdown of taxes by various categories. Significant tax revenues come from commercial hubs such as the auto mall and regional shopping areas, construction and construction related industries.

**Olympia Tax Revenues Per Capita
Adjusted for Inflation (2010 \$)**



While taxes on a per capita basis have generally increased during the last few decades, tax sources are also affected by the state of the greater economy. Sales tax falls when consumers spend less. Decline in property tax per capita can occur when the population rate grows faster than property tax levies. Property taxes are also constrained by Initiative 747 which limits growth in ad valorem tax receipts to 1 percent per year. Tax revenues are impacted by economic conditions more than other revenues.

Major service demands are directly associated with these revenues sources. Workers and shoppers coming to Olympia need streets to be maintained, as well as police and fire protection, water and sewer service, and so on. Residential growth requires these same services, plus parks (provided by the City) and schools (provided by the school district). The challenge is to provide these services at high quality for the best cost, while protecting and enhancing the revenue base which provides the City's income.

Infrastructure maintenance and improvements represent yet another large demand on the City's funds. As federal and state assistance has declined, local governments and private resources have been required to pay more of the costs for infrastructure. An adequate dependable infrastructure is necessary to retain and attract businesses and sustain our economy.

Community Investment

To support the community's economic health, the City must invest resources in capital facilities that support a healthy local economy and consistent with the community's visions and values. In 2011, the new City Hall opened its doors and Percival Landing Phase 1 was reopened to the public. Together these projects represent approximately \$50 million in community investment. The new LOTT WET Science Center, along with the coming East Bay Plaza and Hands On Children's Museum provide family activities downtown. New sidewalks and transportation corridors at Boulevard Road and Harrison Avenue allow for greater mobility. The addition of Fire Station 4 and planned upgrades to our water supply keep our community safe and healthy. These projects are all examples of how we have enhanced our public spaces and quality of life, independently and through regional partnerships, and thereby provided more reason for private investment to follow. We must continue to support community investment projects such as these over the next 20 years.



Crown Beverage Packaging's 115 employees make 1.5 billion beverage cans each year from recycled aluminum. They have been part of Olympia since 1959.

Private investment can strengthen the material prosperity of a community through economic development. In order for private businesses to locate or expand in our community, their infrastructure needs must be met, or already be underway. That means Olympia has to use its existing network effectively and make judicious “up-front” investments to bring development to targeted areas in the community. For such investments to be affordable, they cannot be for projects that “leap-frog” out to remote sites since it is prohibitively expensive to develop that way. The majority of such investments should occur downtown or in the High Density Corridors.

Economic development efforts need to be consistent with growth management goals and not strain the capacity of our natural resources. They must be consistent with the efficient and appropriate use of land. The impacts from new businesses must not compromise the local environment. Economic development does not mean “growth,” although growth of jobs, population and revenue may be a byproduct. While it can help the quality of life in a community, economic development should not damage the ability of future generations to meet their needs.

CHANGE:

The following text was removed as the City can only exempt property from taxes under some very limited circumstances such as exemptions for downtown residential development – market rate 8 years and affordable 10 years and certain improvements to historic properties:

Finally, Olympia must be careful not to agree to revenue concessions to developers or potential tenants unless careful fiscal analysis justifies them. The community can be made worse-off financially if it gives away a large part of the revenue base in order to attract firms. Years—even decades—of shortfalls can result if unwise investments and tax concessions are granted. With years of fiscal distress, the City would not be able to afford infrastructure investments that improve our quality of life, and would lose its attractiveness as a place for private investment.

Goals and Policies

GE1

Olympia has a stable economy that provides jobs that pay a living wage.

PE1.1 Provide a desirable setting for business investment and activity.

PE1.2 Develop or support programs and strategies to encourage jobs that provide a living wage.

GE2

Olympia has a strong revenue base.

PE2.1 Encourage retail, office, and service activities for their value in providing employment and tax revenues.

PE2.2 Identify major revenue-generating sectors and identify actions the City can take to help maintain their economic health.

PE2.3 Ensure that the total amount of land planned for commercial and industrial uses is sufficient for expected demand and need.

PE2.4 Diversify the local economy to build upon our stable public sector base by supporting businesses that can reduce reliance on goods and services from outside the community.

PE2.5 Support basic employers—that is, those who export goods and services to regional, national or international markets, thus bringing home jobs and dollars.

GE3

A vital downtown provides a strong center for Olympia's economy.

PE3.1 Support a safe and vibrant downtown with many small businesses, great public places, events and activities from morning through evening.

PE3.2 Support vibrant and active downtown parks and waterfront attractions.

PE3.3 Promote high-density housing downtown for a range of incomes.

PE3.4 Protect existing trees and plant new ones as an important part of public investment for economic development and redevelopment activities.

GE4

The City achieves maximum economic, environmental and social benefit from public infrastructure.

PE4.1 Design infrastructure investments to balance economic, environmental and social needs, support a variety of potential economic sectors, and shape the development of the community in sustainable patterns.

PE4.2 Stimulate and generate private investment for economic development and redevelopment activities.

PE4.3 Base public infrastructure investments on analysis determining the lowest life-cycle cost and benefits to environmental, economic and social systems.

PE4.4 Determine that the public cost will be recovered through increased revenues derived from generated private investments.

PE4.5 Identify and use infrastructure grants and loans plus other incentives to achieve Comprehensive Plan goals.

PE4.6 Identify where utilities and their upgrading are needed and appropriate to serve zoned commercial and industrial areas, and encourage the development of utilities to service these areas.

PE4.7 Investigate the feasibility of the City providing telecommunications infrastructure, or other new forms of infrastructure.

PE4.8 Collaborate financially with public and private partners to complete the necessary infrastructure to develop targeted commercial, residential, industrial, or mixed use areas (such as in Downtown, or along Urban Corridors) with water, sewer, electricity, street, street frontage, public parking, telecommunications, or rail improvements, as appropriate.

PE4.9 Encourage the infilling of designated areas by new or expanded economic activities before

considering the expansion of these areas or creation of new areas.

PE4.10 Serve sites to be designated for industrial or commercial development with required utilities and other services on a cost-effective basis and at a level appropriate to the uses planned for the area.

PE4.11 Maximize the efficiency of the City's revenue base by avoiding making lengthy and expensive service extensions which would cost more than could be recovered from revenues.

GE5**The City has responsive and efficient services and permitting process.**

PE5.1 Maintain high quality in all customer services and continuously seek to improve their quality and effectiveness.

PE5.2 Use regulatory incentives to encourage sustainable practices.

PE5.3 Continuously improve responsiveness of the permit system, identify log-jams in the process, and expedite those processes.

PE5.4 Create more predictability in the zoning and approval process to reduce costs, without eliminating protections.

PE5.5 Eliminate redundancy in review processes, and provide clarity in the rules.

PE5.6 The review process is transparent and involves input from affected parties as early as possible in the development process.

GE6**Collaboration with other partners maximizes economic opportunity.**

PE6.1 Recognize the benefits gained by the whole region when jobs are created in any part of it, and support appropriate economic development efforts by neighboring jurisdictions.

PE6.2 Collaborate with neighboring jurisdictions to develop a regional, sustainable, economic strategy.

PE6.3 Look for economies of scale in providing services at the regional level.

PE6.4 Conduct preliminary studies for priority development sites (such as Downtown or Urban Corridors) to ease the development application process.

PE6.5 Collaborate with local economic development organizations to create new living wage jobs and to strengthen existing businesses with such jobs.

PE6.6 Work closely with state and county governments to ensure that those offices and facilities appropriate to the seat of government are located in Olympia. Continue to work with state government regarding their Preferred Leasing Areas Policy and collaborate with county government to accommodate the needs for county courthouse-related facilities.

PE6.7 Collaborate with local institutions of higher education (The Evergreen State College, St. Martin's University, and South Puget Sound Community College) in their role of providing an educated workforce

that meets the needs of the jobs of today and tomorrow, contributing to the cultural life of the community, and bringing new residents whose vitality enriches our community.

PE6.8 Collaborate with hospitals and other health care providers to identify actions the City could take to support their role in ensuring public health and their vitality as a major local employment base.

PE6.9 Work with the Thurston Economic Development Council to identify businesses that support the health care sector, and identify actions the City could take to encourage their vitality.

PE6.10 Support our neighboring jurisdictions in their role as the regional center for other activities, such as manufacturing, freight transportation, or air transportation.

PE6.11 Collaborate with the Port in its role of facilitating economic development, while continuing to exercise regulatory control over Port development and operations.

PE6.12 Balance the needs of the Port for truck and rail transportation corridors, while minimizing conflicts with other traffic needs and land use goals.

Community and Economy

In 2009, Olympia was selected as one of the Top 10 Best Cities in the nation, by Kiplinger's Personal Finance Magazine. Calling Olympia a "cultural diamond in the rough," the article identifies state government as the "keystone of Olympia's economy," while celebrating our thriving visual and performing arts scene. It is our individuality as a community, as well as our quirkyness that set us apart from other communities, and which make Olympia a desirable place to live and start a business.

According to the 2011 Thurston County Creative Vitality Index, over 650 "creative jobs" were added to the community between 2006 and 2009. These include public relations specialists, writers, librarians, photographers, architects, and others in "creative occupations."



Downtown Olympia's shops, restaurants and theaters are a draw for citizens and visitors alike.

Olympia has received many awards for livability. In 2010, Olympia was recognized as the most secure mid-sized city in the U.S by Farmers Insurance. This was based on factors such as crime statistics, weather, risk of natural disasters, housing depreciation, environmental hazards, and life expectancy. In 2010, the Gallup-Healthways Well-Being Index ranked Olympia in the top 20% of cities across Washington State. The study survey topics were life evaluation, emotional health, physical health, healthy behaviors, work environment and basic access to necessities important to well-being such as clean water and satisfaction with the area in which people live and work.

Several recent studies suggest that a sense of “place” – a community with a sense of authenticity, continuity and credibility – is the key to future economic opportunities for many communities. In one study, cities with the highest levels of resident love and passion for their community also had the highest rates of economic growth over time. Community qualities such as feeling welcome and open, being attractive, and offering a variety of social events and venues all contribute to this emotional bond and make people love where they live. Physical amenities such as parks and trees, and community landmarks such as historic properties and public art contribute to that sense of place.

A Diverse Economy

Those same qualities that create a strong emotional bond with residents also appeal to visitors who contribute to our economy by shopping, dining, taking in a performance in one of our theaters and spending the night in a hotel. In 2009, Thurston County received an estimated \$66.9 million in industry earnings generated by travel spending from accommodations and food service, arts, entertainment and recreation, retail and travel. This revenue generated an estimated \$19.6 million in local and taxes, and employed an estimated 3,000 people.



According to the Thurston County Creative Vitality Index, Performing Arts revenue grew 1.4% between 2008 and 2009. That it has grown at all during the recession is a positive indicator.

In addition to shops, restaurants and lodging establishments, the arts are an economic sector that also

benefits from tourism and brings revenue into the community. According to findings from a study completed for the Olympia Arts Commission, the music industry in Olympia generated approximately \$27 million in direct sales in 2008. This contributed approximately \$2.5 million in local and state taxes that year. In addition to providing live entertainment and enjoyment to our community, music in Olympia casts its own ripple of taxable revenue, including; music equipment, instruments and recordings, as well as food and beverages. In 2009, the Arts Alliance of Downtown Olympia determined that local theaters brought 167,000 people downtown to attend over 500 live performances. These primarily occurred during the evenings and for Sunday matinees. The industry had a \$3.8 million operating budget, bringing an estimated \$1.6 million to the community in local pay and benefits. Finally, as of January 2010, the State Senate District represented by Olympia was home to 410 arts-related businesses that employed 1,374 people, according to Americans for the Arts. The report goes on to say "These arts-centric businesses play an important role in building and sustaining economic vibrancy. They employ a creative workforce, spend money locally, generate government revenue, and are a cornerstone of tourism and economic development."

Artists are small business owners, in a community that supports entrepreneurs. According to the Thurston Economic Development Council, an estimated 14,000 small businesses are registered in Thurston County. In addition, 92% of those small businesses employ 10 or fewer people. Small businesses include service providers, small manufacturers, farmers, artists, and many of the retail businesses that set our community apart from others.



Olykraut is a small artisan company, turning local produce into value-added product since 2008.

For these business people to make a living wage, they need a strong customer base. Since 2007, Sustainable South Sound has hosted the Buy Local Program, encouraging citizens to shop at local farms and businesses. The program includes education through posters letting people know where their dollars go depending on where they shop, and a savings book providing incentives to shop at over 140 participating farms, businesses and organizations. They also assist business in sourcing needed goods and services within the community. Business training and support is available through our local colleges and university, the Thurston Economic Development Council, and Enterprise for Equity.

Goals and Policies

GE7**Public and private investors are aware of Olympia's advantages.**

PE7.1 Actively promote economic activities which are consistent with the values expressed in this Comprehensive Plan.

PE7.2 Actively market Olympia's advantages to local or out-of-town businesses that may be considering expansions or new facilities in the area.

PE7.3 Define a more active City role in stimulating development, and influencing the design and type of development.

GE8**Historic resources are used to promote economic stability in the City.**

PE8.1 Strengthen economic vitality by promoting the stabilization and improvement of property values in historic areas through continued monitoring by the Heritage Commission.

PE8.2 Encourage new development to be harmonious with existing historic buildings and areas.

PE8.3 Protect and enhance the City's ability to attract tourists and visitors through preservation of historic resources.

PE8.4 Do not damage the features or the character of historic properties when undertaking City building rehabilitations.

PE8.5 Assist low- and moderate-income individuals in the rehabilitation of historic properties.

GE9**Tourism is a community revenue source.**

PE9.1 Provide or support services and facilities to help visitors enjoy our community, its special events and unique character, and to capture economic benefit from their visits.

PE9.2 Support continued restoration, maintenance, and enhancement of local museums and other attractions.

PE9.3 Support continued tree plantings to contribute to Olympia's natural beauty and attractiveness to tourists, and to form an important part of a network of scenic roadways and streets.

PE9.4 Implement strategies to enhance heritage tourism opportunities.

GE10**Olympia is a regional center for arts and entertainment.**

PE10.1 Continue to provide programs and services supporting arts activities in Olympia.

PE10.2 Support local art galleries, museums, arts and entertainment facilities, organizations, and businesses.

PE10.3 Examine the feasibility of establishing an arts center for the community.

GE11

Small businesses contribute to Olympia's economic diversity.





PE11.1 Promote the concept of buying from local businesses as a way to strengthen the local economy.

PE11.2 Provide support for start-up businesses. Develop local awareness of the need for business incubator facilities, and allow for more home-based businesses.

CHANGE:

Appendix 3A removed. Some analysis included in Port discussion.

For More Information

- [Knight Soul of the Community Project](#)  studies that sense of “place” that attached people to their communities
- [Port's Comprehensive Scheme of Harbor Improvements] (Not yet available)
- [Port of Olympia Strategic Plan] (not adopted yet, will provide link when it is)
- [The Profile](#)  is the Thurston County Regional Planning Council's flagship document that provides demographic, statistical and mapping information. [Thurston Economic Vitality Index](#)  provides both a trend analysis and snapshot of Thurston County's economy based upon a series of key indicators
- Thurston County Creative Vitality Index (Not yet available)
- [Washington State County Travel Impacts 1991-2009](#)  examines the economic significance of the travel industry in the 39 counties of Washington state from 1991-2009

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The City of Olympia is committed to the non-discriminatory treatment of all persons in employment and the delivery of services and resources.