

GIGA WATT SITE ADAPTIVE REUSE FEASIBILITY STUDY



- Graphics provided by Forte Architects

**Prepared for:
Chelan Douglas Regional Port Authority**

September 1, 2021

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Economic and Development Services



AT-A-GLANCE SUMMARY

This adaptive reuse feasibility study has been conducted for an 8-acre, partially constructed site leased from the Chelan Douglas Regional Port Authority (CDRPA) for a now bankrupt Giga Watt block chain facility. What follows is an abbreviated summary of feasibility study observations and findings.

Giga Watt/Pangborn Site Area. Situated at the CDRPA developed Pangborn Airport Business Park, the Giga Watt site comprises 25 pod structures totaling nearly 31,000 square feet of potential building area, currently in varied states of construction and with some deterioration evident as partially built structures are not weather protected. Site access and utility infrastructure is partially in place and will need to be re-adapted to uses with requirements different from the original block chain server project.

Market Review. As redeveloped for a diversity of small businesses, the project will serve and draw labor force from a regional market of Douglas, Chelan and the western (Quincy) portion of Grant County in North Central Washington. The site is located in rapidly growing Douglas County which has 32% of the region's population but only 20% of its job base. This analysis and discussions with area commercial real estate interests indicate that uses potentially representing the *best fit* for building occupancy may include maker spaces, 1-5 person offices, and food service for business park and destination patrons.

Development & Use Concepts. Criteria for target tenant sectors include focus on growth sectors, high per job sales revenues, small firm size (no major firms locally), west side spillover and synergistic fit opportunity. Three strategic options are considered as means to pursue the target industry sectors as a *village industrial* and pod-style small business campus:

- **Niche industry** – positioning the site around a tightly defined niche of similar businesses
- **Mixed use employment** – as a targeted mix of office, tech, maker space and food service
- **Organic growth** – with the market determining the use mix for most rapid lease-up

Assumed is that CDRPA will have lead responsibility for site build-out and property management.

Financial Feasibility. Total project cost including infrastructure, building and soft costs ranges from \$8.4 - \$11.6 million – depending on applicability of prevailing wage construction. With moderate to low rents (to support business start-ups) as with other Port and some private spaces, rental income will support values in the range of \$2.8 - \$3.3 million. In effect, financial feasibility is likely contingent on securing contributed (as with grant or low cost loan) financing from sources in addition to tenant rents.

Implementation Plan. If CDRPA opts to proceed with this project, key implementation steps can be expected to include finalization of a development plan and marketing strategy together with a 3-step summary action plan for a) finalizing project design and costing (by late 2021), b) securing project funding to proceed with construction (late 2021 to early 2022) and c) making building spaces when ready available for immediate business tenant occupancy (late 2022).

Economic Outcomes. Construction will be associated with about 75 jobs on-site, increased to 120 jobs with economic multiplier effects region-wide. Upon completion and full occupancy, 75 on-site jobs (at a wage averaging \$45,280 per job) are anticipated, with a region-wide multiplier impact of about 115 jobs. The net present value (NPV) of state and local tax revenues realized directly from project construction and subsequent operations is estimated to range between \$2.35 - \$2.65 million (depending on tenant rental rates and applicability of prevailing or typical commercial construction wage rates).

The next section of this report addresses minimum requirements of the Washington State Community Economic Revitalization Board (CERB) as funder of this study – followed by supporting detailed analysis.

CERB MINIMUM REQUIREMENTS

On the following pages is provided a detailed statement addressing the linkage between feasibility study content and minimum requirements for a CERB planning study.

a. A product market analysis linked to economic development.

Detailed components of a product market analysis are provided by the Section IV Development and Use Concepts portion of this adaptive reuse feasibility study. The market strategy portion of this analysis documents six key evaluation criteria that have been applied to assess potential fit of specific industry sectors to the location, site and building structure features offered at this Pangborn property: 1) identification as a growth sector, 2) strong per job business sales revenues, 3) small firm size, 4) no major firm competition, 5) potential for west side (Puget Sound) business spillover, and 6) synergistic fit opportunity.

b. A market strategy containing action elements linked to timelines.

The Section VI Implementation Plan provides the outline of a recommended market strategy and action agenda. As property owner and developer, the Chelan Douglas Regional Port Authority (CDRPA) will take a lead role to coordinate marketing to business tenants in cooperation with area brokerage and marketing firms, business associations and public agencies including outreach to start-up, emerging and minority-owned businesses.

A three-step action agenda covers property development and marketing, specifically to:

- Determine whether and how to proceed with Giga Watt site adaptive reuse (late 2021)
- Secure project funding and proceed with construction (late 2021 to early 2022)
- Make building spaces available for immediate tenant occupancy (late 2022)

c. Identification of targeted industries

A detailed listing of potential target industries is provided with Section IV Development and Use Concepts – for 25 pods with building space potential ranging from 1,152 - 1,350 square feet each. The listing is consistent with the criteria identified with item (a) above.

Port consideration of three strategic options will influence the emphasis received by potential targeted industries:

- Option A – Go Niche Industry (ranging from tech hub to maker space to wine incubator)
- Option B – Go Mixed Use Employment (of complementary industrial/commercial uses)
- Option C – Go Organic (first come, first served to achieve the most rapid lease-up)

These options are consistent with a *village industrial concept* – also adaptable to related uses, as for a Latino/Hispanic farmers market (or *mercado*) with diverse small business vendors.

d. Identification of the group responsible for implementing the marketing strategy. Describe the group's capacity to complete the responsibility.

As noted, the Section VI implementation plan identifies CDRPA as having the lead role to coordinate marketing – including strategies implemented in-house or in partnership with other firms and organizations specializing in outreach to start-up, emerging and minority-owned small businesses throughout the Chelan-Douglas-Quincy (CDQ) market region.

e. The site's appropriateness by addressing, at minimum, appropriate zoning, effect to the state or local transportation system, environmental restrictions, cultural resource review, and the site's overall adequacy to support the anticipated development upon project completion.

Site appropriateness is addressed both by Section II describing the Giga Watt/Pangborn site area and Section IV Development and Use Concepts. Development was initiated on the site by the private firm Giga Watt, with 25 pad and building sites left partially completed. General Industrial and airport-overlay zoning regulations may serve to limit some uses that might be market feasible – particularly at extremes of heavy industrial and retail/service-oriented use. Further review is warranted before finalization of target industry priorities.

Road and utility infrastructure is available to the site, though will need to be built out to directly serve each of 25 buildings which were initially planned primarily for data server uses with limited on-site personnel. Key objectives are to build-out each structure to be self-contained for tenant needs (including restroom and on-site storage areas and also to provide shared common areas (especially of outdoor parking and greenspace areas).

f. A location analysis of other adequately served vacant industrial land.

As detailed by the Section VI Implementation Plan, CDRPA is a significant source of the vacant building and industrial land inventory across Chelan and Douglas Counties. This includes the Pangborn Airport Business Park as the site of the Giga Watt initiated project. While the Port has substantial vacant ready-to-build land at Pangborn and at other sites under its control, there is minimal building space of the size to accommodate relatively small business users requiring up to 1,350 square feet of tenant space – each in their own building space. This is a unique commercial building resource to be utilized as integral to an economic resilience and recovery strategy for small businesses in the CDQ region.

g. Total funding for the public facilities improvements is secured or will be secured within a given time frame.

As described by Section V Financial Feasibility, CDRPA has estimated that potential rental income will support a Port capital investment in the range of \$2.8 - \$3.3 million – assuming low to moderate rents supportive of business startups. Development costs in excess of this target amount likely will need to come from contributed sources including possible CERB capital funding.

h. An analysis of how the project will assist local economic diversification efforts.

As described with Section IV Development and Use Concepts, this project is uniquely positioned to serve a largely unmet niche in the CDQ commercial and industrial market – distinctive small buildings serving small and emerging 1-5 employee businesses. This comes at an opportune time – as the region emerges from the COVID pandemic. Small businesses that have been *hanging on* by working out of a home, garage, or mini-storage warehouse will now have renewed incentive to expand operations with economic recovery coupled with a building product that can accommodate the next phase of business stabilization and renewed profitability.

i. Indicate the specific issues that will be addressed.

As described by Section II Giga Watt/Pangborn Site Area and Section IV Development and Use Concepts, key issues addressed by adaptive reuse of the partially completed Giga Watt project include:

- Transitioning a stranded asset from weather-exposed deterioration into productive reuse with immediate weatherization followed by phased or all-inclusive build-out
- Completion of supporting utility and street/parking infrastructure building from the external and internal street layout already in place together with common outdoor space amenities as suitable for tenant use and occupancy
- Converting a property that is becoming an attractive nuisance and potential deterrent to vicinity area industrial development of adjoining Port land into an asset – to instead now draw additional investment to the Pangborn Airport Business Park

j. List one or more economic outcomes that you expect from the proposed CERB project.

Section VII Economic Outcomes details specific anticipated results from project build-out and tenant occupancy including:

- **75 on-site direct jobs** – of 1-5 person firms, a substantial portion of which will be small business owners in addition to other employees.
- **Up to an estimated \$3.3 million in Port funded investment consistent with CDRPA investment objectives** – together with other contributed investment as may be secured for supporting infrastructure and adaptive reuse.
- **Achieving an above median wage** – @ \$21.77 per hour (\$45,280 per year) likely well in excess of the approximately \$16.50 per hour Douglas County-wide median viewed as a minimum threshold for CERB infrastructure funding (as a mix of owner compensation and W-2 employee incomes).

In addition to direct impacts of on-site activity are the economic multiplier effects of added employment, payroll income and business sales throughout the CDQ region. Fiscal benefits include lease revenue to CDRPA, leasehold in lieu of property tax revenues to state and local jurisdictions as well as business and occupation (B&O) and some limited sales tax revenue tax accruing primarily to the State of Washington.

Successfully redeveloped for emerging small business use, the Giga Watt site can serve as a model for other similar private and publicly developed adaptations in the years ahead.

k. Describe the specific, quantifiable measures of the outcome(s) that will indicate success. Describe in measurable terms what you expect to be able to show as progress toward the outcome for each year before the whole outcome has been achieved.

Responses to items (k) – (m) are as outlined by Section VII Economic Outcomes associated with this economic feasibility analysis. Output metrics are to be provided consistent with the response to item (j) above.

Key metrics including building square footage put in service, lease-up period to normalized occupancy, number and mix of businesses, lease revenues (and associated leasehold tax revenues), on-site employment, and employee compensation (both from sole proprietors and W-2 employees)

l. Describe what data you will collect to determine whether the outcome is being achieved.

Data items collected are planned to be as identified with response (k) above.

m. Describe the data collection procedure including when data will be collected, from whom and by whom.

The first four items listed above (building space, lease-up status, business mix and lease revenues) should be readily compiled in the normal course of CDRPA business. Data regarding employment and compensation is proposed to be obtained via self-reporting by on-site business tenants, detailed as part of Section VII economic outcomes.

n. The estimated median hourly wage of the jobs created when development occurs.

A pivotal objective of this CERB infrastructure investment is to leverage economic development that will result in wages exceeding the Douglas County median. If funded in part with CERB resources, it is understood that the median wage of those employed at the former Giga Watt site will substantially exceed the 2018 reported Douglas County median hourly wage (shown by CERB data updated as of January 2020) as \$16.50 per hour.

A wage profile for targeted industries has been developed based on review of ESD employment and wage data. As of 2019, the annual average wage for industry sectors targeted for building occupancy is estimated at \$45,280 per year. When translated to an hourly rate (assuming 40 hours per week/52 weeks per year), this equates to an average of \$21.77 per hour – 32% above the CERB-required median figure.

o. If the project is determined to be feasible, the following information must be provided within the final report:

This feasibility study indicates that adaptive reuse and build-out of the Giga Watt site may be feasible – contingent on contributed funding as required in excess of what CDRPA return on investment criteria alone will support. In the event that CERB or other contributed capital funding is secured, information for items (1)-(9) below will be provided for the portion of the study area most directly benefited. What follows are preliminary estimates associated with build-out of the full site area.

- 1. Total estimated jobs created (in FTEs).** Approximately 75 direct jobs on-site, equating to 115 added jobs supported across the CDQ study area including economic multiplier effects.
- 2. Describe benefits offered to employees.** This is a matter to be discussed at the time of leasing to individual small business tenants – likely ranging from about 1-5 employees with each building pod including owners who may not be W-2 employees.
- 3. Describe the median hourly wage of the new jobs in relation to the median hourly county wage.** The feasibility study targets a mix of business types which combined is targeted to pay wages averaging about 1/3 above the median wage for Douglas County.
- 4. The county three-year unemployment rate in relation to the state rate.** Over the last three years (2018-20) for which annual average unemployment rates are available, Douglas County’s unemployment rate has averaged 6.5%. This is above the comparable statewide figure of 5.7% for the same period. Also noted is that CERB data indicates Douglas County’s designation as a distressed county (per Appendix C).
- 5. County population change in the last five years.** As of 2020, U.S. Census data shows that Douglas County has 42,938 residents. From 2015-20, countywide population has increased by 3,760 residents, a gain of 9.4% in the last five years – equating to a growth rate averaging 1.8% per year. In percentage terms, population has increased more rapidly for Douglas County than for Chelan and Grant Counties, and more rapidly than for the entire state of Washington. However, Douglas County is underrepresented in terms of employment opportunity – with only 20% of the region’s job base, well below its 32% share of region-wide population.
- 6. The estimated jobs created represent what percentage of the county’s labor force.** As of year-end 2020, Washington ESD data indicates that Douglas County has a resident labor force estimated at 21,852 persons. A base estimate of approximately 75 jobs created directly on-site at build-out represents 0.34% of the countywide labor force as of year-end 2020. These jobs also represent an opportunity to help address a current

jobs-population imbalance in Douglas County – reducing current out-commutes to Chelan or Grant Counties currently occurring due to a disproportionately low share of the region’s jobs located in Douglas County.

- 7. The estimated jobs created represent what percentage of the county’s unemployed workers.** As of year-end 2020, ESD data indicates that there were an estimated 1,535 unemployed workers residing in Douglas County. The 75 direct job potential represents approximately 5% of the number of unemployed workers living in Douglas County.
- 8. Estimated new annual state and local revenue generated by the private business.** With construction, sales tax revenues ranging from \$444,000 - \$649,000 can be expected to be generated for state and local taxing jurisdictions. Subsequently, between about \$202,000 - \$208,000 per year in added tax revenues may be generated for benefitting state and local jurisdictions with project build-out and business tenancy. In addition, CDRPA may expect to receive between \$283,000 - \$334,000 per year in annual building lease revenues.

Principal sources of added tax revenue to state and local jurisdictions with fully occupied business spaces are anticipated to include leasehold tax revenues to state and local jurisdictions plus some limited sales tax revenues primarily to the state of Washington. Over 20 years, the projected net present value (NPV) of one-time plus on-going state and local tax revenues is estimated to be in the range of at least \$2.35 - \$2.65 million.

- 9. Estimated private investment generated by project.** Based on targeted rents supportive of start-up and emergent small business, up to an estimated \$3.3 million in direct investment based on the Port’s financial objectives may be made by CDRPA, a public agency. The Port’s return on investment effectively amounts to what would be considered by a private investor based on lease payments made by private businesses to the project developer and owner.

The remainder of this economic feasibility report provides detailed analysis and documentation for the summary statements related to CERB minimum requirements as outlined above. Topics covered by the full report include a profile of the Giga Watt/Pangborn site area, market analysis, development and use concepts, financial feasibility, implementation plan, and economic outcomes.

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I. INTRODUCTION

This feasibility study is aimed to outline a clear strategy offering prospects for successful adaptive reuse of what is known as the approximately 8-acre former Giga Watt site situated in close proximity to the Pangborn Memorial Airport in East Wenatchee, Washington. The report is prepared on behalf of the Chelan Douglas Regional Port Authority (CDRPA) and addresses minimum requirements of the Washington State Community Economic Revitalization Board (CERB) which has funded the feasibility assessment. This report begins with a brief overview of project background and purpose, followed by an outline of the document's organization.¹

BACKGROUND

On property adjoining the Wenatchee area's only commercial airport – Pangborn Memorial Field – CDRPA has developed the Pangborn Airport Business Park. The firm Giga Watt leased Port property to construct a block chain facility but then filed for Chapter 11 bankruptcy leaving infrastructure and building development of the site partially complete.

At build-out, the site will accommodate 25 structures with an estimated 30,816 square feet of business incubator and commercially leasable space. Road access, water service and electrical conduit should serve the site when developed and made available as tenant-ready.

PROJECT PURPOSE

The purpose of this report is to address the feasibility of finishing the partially completed and planned structures. This report is focused on two pivotal questions:

- What are the potential new uses for the existing and retrofitted Giga Watt structures?
- Under what conditions is it feasible to build-out the site for small business use?

The CDRPA has been awarded a grant through the Washington State Community Economic Revitalization Board (CERB) to complete this feasibility report. As noted, the planning study is intended to meet the minimum requirements established by CERB as detailed by Appendix B.

Giga Watt Site Redevelopment – Illustrative Potential



Current Status of Giga Watt Facilities – Selected Illustrations



FORTE ARCHITECTS
CDRPA
GIGAWATT PODS STUDY
CAMPBELL WAY, EAST WENATCHEE, WA 98802
2008 12 17 2008

Note: For a description of varied levels of completion, see page six of this report.

REPORT ORGANIZATION

The remainder of this adaptive reuse feasibility study is organized to cover the following topics:

Giga Watt/Pangborn Site Area
Market Review
Development & Use Concepts
Financial Feasibility
Implementation Plan
Economic Outcomes

Three appendices are provided with this report. **Appendix A** provides a brief overview of E. D. Hovee & Company, LLC, Forte Architects and RH2 Engineering as preparers of the feasibility study. **Appendix B** outlines minimum CERB planning requirements. **Appendix C** provides supplemental statistical and mapped information.

A more detailed design package has been prepared as a separate companion document being submitted by the project design team of Forte Architects and RH2 Engineering, Inc.

II. GIGA WATT/PANGBORN SITE AREA

This adaptive reuse feasibility study begins with an overview of the Giga Watt site and vicinity Pangborn Airport Business Park Area.

SITE AREA

As illustrated by the vicinity map on the following page, the subject Giga Watt site comprises two tax lots totaling 7.93 acres. Access to the property is from an extension of South Union Avenue leading to South 7th Avenue SE (Campbell Way), with a road right-of-way extending north into the site. The cul-de-sac at the northern turnaround of the roadway could serve future adjoining development on two additional undeveloped lots immediately north.

The subject site is situated in the CDRPA owned and developed Pangborn Airport Business Park. CDRPA's offices are nearby to the east on Campbell Parkway with airport access immediately adjacent. Nearby developed uses north of the Giga Watt site and adjoining vacant parcels include Coca-Cola Bottling, Accor Technology (plumbing fitting manufacturing) and a Port-owned multi-tenant building. Significant additional property in the business park remains as yet undeveloped.

EXISTING & PLANNED IMPROVEMENTS

The Giga Watt site comprises a closed partially built blockchain facility in the Port owned Pangborn Airport Business Park. The previous tenant, Giga Watt filed for Chapter 11 bankruptcy leaving the sitework, infrastructure and building construction only partially completed.

The Giga Watt development was planned for 25 structures on the nearly 8-acre site – with individual pads currently in various stages of development. Each pad was designed by Giga Watt designed for an approximately 624 square foot building.

Each pad site also included an adjoining porch roof structure, indicating potential for additional enclosure that could increase each building space to between 1,152 to 1,350 square feet, depending on build-out configuration. When completed, the 25 structures may total an estimated 30,816 square feet of rentable business tenant space.

Water lines and electrical conduit have been installed to all the buildings. There is the potential to connect each building to sewer. While the site was originally conceived as obtaining access to significant electrical power for computer server activity, that is no longer contemplated. Electrical capabilities are on a par with other typical commercial building spaces. While a local roadway/drive concept is planned, this internal circulation system together with on-site parking and loading area has yet to be built.

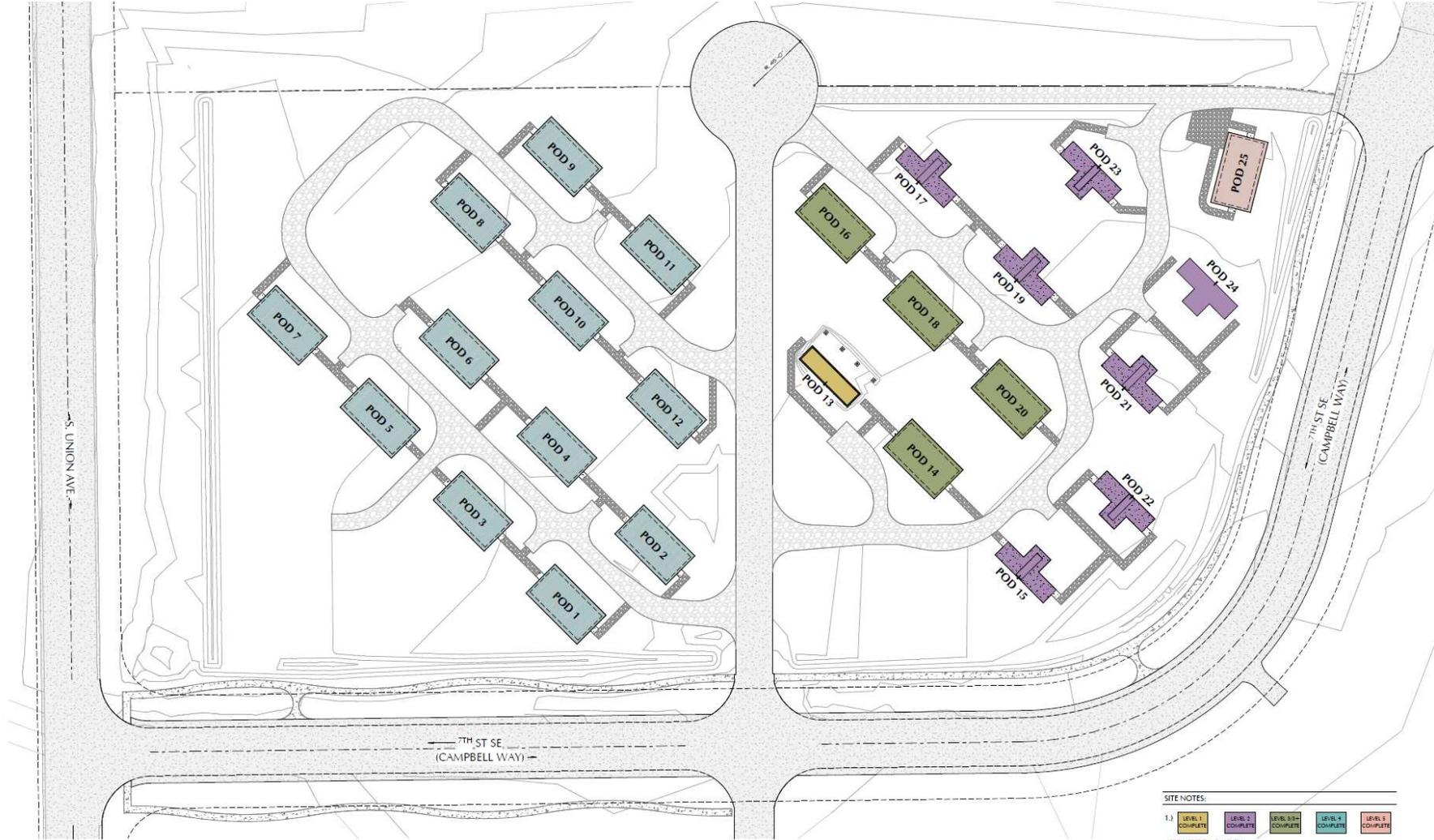
A more detailed depiction of the current status of the 25 pods and improvements to date is illustrated by the site layout on the page following the vicinity area aerial.

Subject Giga Watt Site & Vicinity Area



Source: CDRPA. Note that north is to the left. Also note that some maps label the site access as from 7th Street SE, others as the following from 5th SE as a loop-around involving 5th and Campbell Parkway.

Current Giga Watt Site Layout & Current Built Condition



SITE NOTES:

- 13 LEVEL 1 COMPLETE
- 14 LEVEL 2 COMPLETE
- 15 LEVEL 3 COMPLETE
- 16 LEVEL 4 COMPLETE
- 17 LEVEL 5 COMPLETE

-SEE NEXT TWO ARCH SHEETS FOR DETAILS ON COMPLETENESS BREAKDOWNS

1 EXISTING CONDITIONS - SITE PLAN
SCALE: 1" = 300'

Of the 25 buildings, current completion status (as denoted by the foregoing color-coded map) is as follows:

- Level 1 (shown in yellow/with 1 pod) – only the foundation is completed
- Level 2 (purple/7 pods) – foundation and slab are complete
- Level 3 (green/12 pods) – framing and full or partial installation of structural insulated panels (SIPS) is complete
- Level 4 – (blue/4 pods) – with full SIPS panel and partial cladding installed
- Level 5 – (beige/1 pod) – full prototype is complete

All 12 of the Level 4 (blue) pods are located on the west side of the access road and cul-de-sac into the site from 7th Street SE and Campbell Way.

Framed buildings are open to the weather, so there has been some initial damage, for example, to wall areas near uncovered window openings.

ADA compliant restroom facilities are proposed to be constructed with each of the 25 buildings. Given the space between buildings, it is also possible that some buildings might be further extended or ancillary structures constructed in the future – though no specific designs for further expansion have been prepared as part of this initial feasibility study.

All buildings are expected to have floor drains, allowing for ready adaptability to a range of small-scale industrial to office and creative space uses. Roll-up and/or folding exterior doors are also planned – accommodating industrial freight access and/or as a customer/employee amenity depending on the specific use of each building.

All buildings are designed around an open-concept workspace and/or customer area. Each building has an enclosed employee break room/storage area, ADA sized restroom, glass overhead or folding door area and large customer/workspace side facing windows.

Three different floor plan options are as described later in this report. Depending on the space and associated tenant needs, uses could include maker space, small tech/IT or creative companies, and possible wine/beer tasting room or café use to serve businesses in the vicinity of the Pangborn Airport Business Park plus potential destination activity.

ACCESS

Pangborn Memorial Airport and the adjoining business park are well served by local and regional roadways. Union Avenue serves as the main access to and through the business park. Going north, Union Avenue connects to Grant Road, the main travel corridor extending west through East Wenatchee with highway and bridge connections to and through Wenatchee and to points north-south via U.S. 97. Highway 28 with access to Quincy and connections to Interstate 90 can also be accessed southeast of Pangborn via Batterman Road.

Site Location Adjoining Pangborn Memorial Airport



Source: Envirionics and E. D. Hovee

From a regional and state-wide perspective, the CDQ region is served most directly by the north-south corridor of U.S. Highway 97 (from Canada to California) together with the east-west corridors of U.S. Highway 2 (from the Puget Sound to Spokane) and State Route 28 (to Quincy). Access south to the Interstate 90 freeway corridor is available via either U.S. 97 through Ellensburg or via a route extending south from Quincy.

ZONING

The Pangborn Memorial Airport including the business park occupies 700 acres owned by CDRPA. The property is located within unincorporated Douglas County with the Airport designated as an Essential Public Facility per the *Douglas County Comprehensive Plan*. The Airport is also situated within what is termed as the Pangborn Industrial Service Area, a 1,449-acre island UGA planning area boundary, which does not appear to include residential or commercial activities to minimize potentially incompatible uses.

Uses of the Pangborn Airport Business Park are governed by a *Pangborn Airport Master Plan* with the most recent Final Draft Master Plan Report dated December 30, 2017. Of the 700 airport acres, 170 acres (25%) is comprised of existing Non-Aviation Use (NAU) including a mix of existing leased business sites as with the Airport Business Park, areas for temporary ground lease storage and related activities, and farmed areas.

The business park area is zoned for General Industrial (I-G) use. Douglas County has also adopted Airport Overlay District (AP-O) zoning establishing airport space zones.

The Douglas County I-G zone allows for a wide range of general industrial activity including aviation/general industrial uses, office space, light manufacturing, ag- and tech-industrial, transportation and distribution uses, service stations, recycling centers and limited retail of a convenience nature to area businesses and employees.² Some heavier industrial uses ranging from asphalt/concrete plants to energy generation facilities may be considered on a conditional use basis.

Prohibited uses include general residential, general commercial (unless specifically permitted), and certain heavy industrial uses ranging from mineral extraction to primary metal/chemical/rendering facilities. The zoning code also incorporates I-G zone related development and performance standards including landscape berm/buffering provisions related to the Pangborn Industrial Area.

In conjunction with the Giga Watt site redevelopment but also as an added amenity for other tenants at the Pangborn Airport Business Park, consideration might be given to broadening the zoning around the airport area to allow more commercial uses in support of and complementary to the full range of local and destination business activity at Pangborn.

III. MARKET REVIEW

The first two sections of this report have focused on conditions and opportunities specific to the Giga Watt/Pangborn site area. With this section of the report, the analysis lens is widened to cover broader features of the regional market expected to affect site-specific potentials.

Following this broader look, it will be possible to combine the site-specific area and regional perspectives to arrive at a recommended development and use concept – as provided in the next section of this economic feasibility study.

Topics covered by this market review include:

- **Information sources & market geography** – comprising the geographic area of Douglas and Chelan Counties together with the adjoining Quincy area (as part of Grant County)
- **Comparative demographics** – for the Chelan-Douglas-Quincy (CDQ) area in comparison with the entire state of Washington
- **Employment** – addressing trends extending over the last decade to the most recent information available (with emphasis on sectors offering the best opportunities for family wage jobs and reduced unemployment)
- **Commercial real estate** – with on-the-ground qualitative perspectives from commercial brokers active in the CDQ market area

INFORMATION SOURCES & MARKET GEOGRAPHY

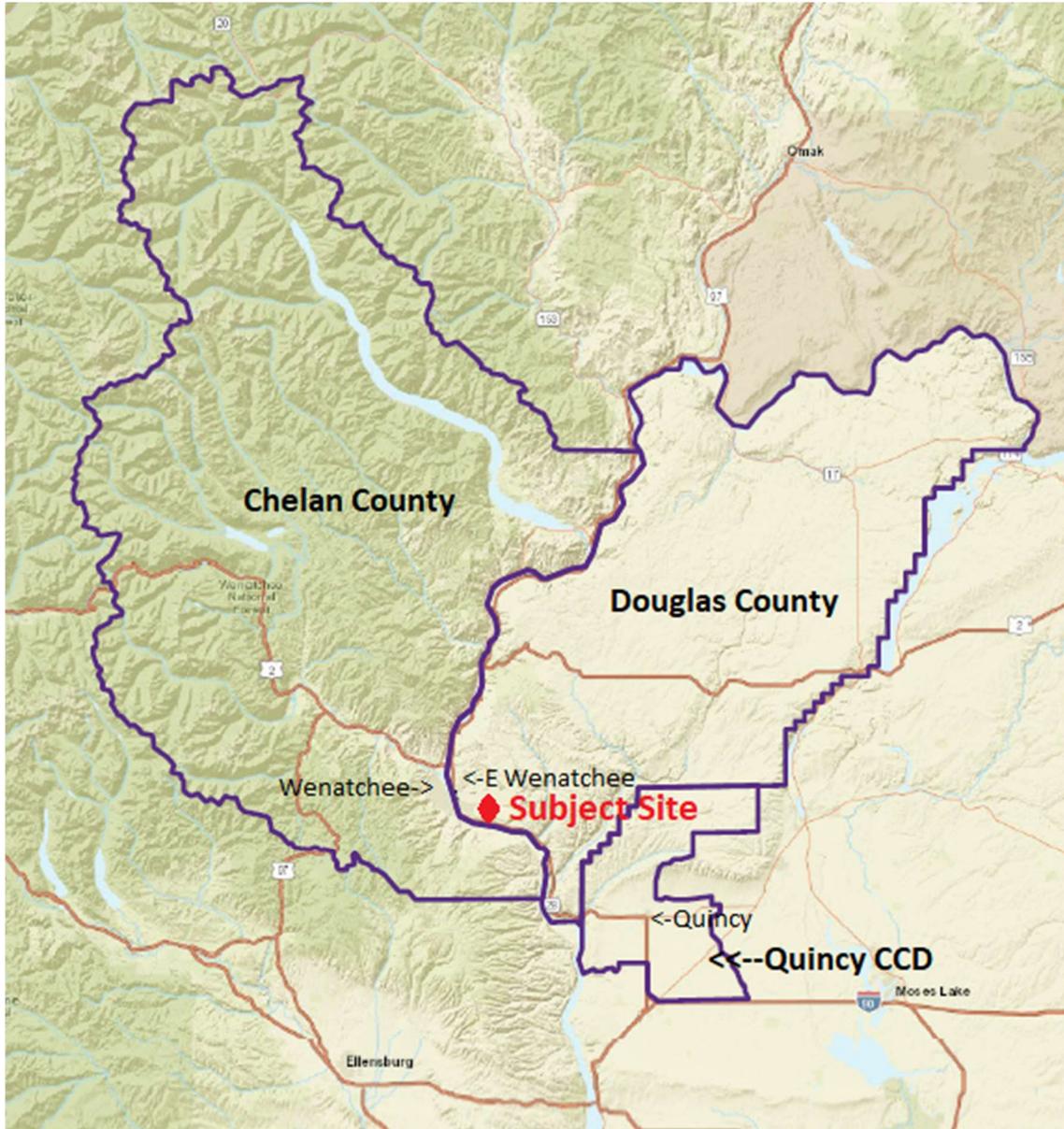
Information is drawn from a range of readily accessible data sources, including:

- **Federal agency data** – notably from the U.S. Census Bureau, U. S. Bureau of Labor Statistics (BLS) and U. S. Bureau of Economic Analysis (BEA).
- **State agency data** –from the Office of Financial Management (OFM) and the Washington State Employment Security Department (ESD)
- **Local public and non-profit organizations** – including the CDRPA and data as being compiled for the North Central Washington Economic Development District (NCWEDD).
- **Private data provider** – primarily Environics, a nationally recognized provider of current and trend information (formerly under the auspices of Nielsen/Claritas)

The Chelan-Douglas-Quincy (CDQ) market context in which the Giga Watt site is located and from which it will serve area business tenants and employees comprises three identifiable subareas. As of 2021, the CDQ region has a total population estimated at 141,600 residents, Approximately 59% of CDQ residents live in Chelan County with one-third (33%) in Douglas County and about 8% in the Quincy area as the western portion of Grant County. This comprises a market area viable for workforce commuting, consumer-driven retail and service businesses and business-to-business transactions.

Of this population base, 112,000+ residents (or nearly 80%) live within about 25 miles of the Giga Watt site. This includes Wenatchee, East Wenatchee and Quincy as well as smaller nearby communities such as Cashmere and Leavenworth.

CDQ Geographic Market Area for Giga Watt Site



Source: Envirionics and E. D. Hovee

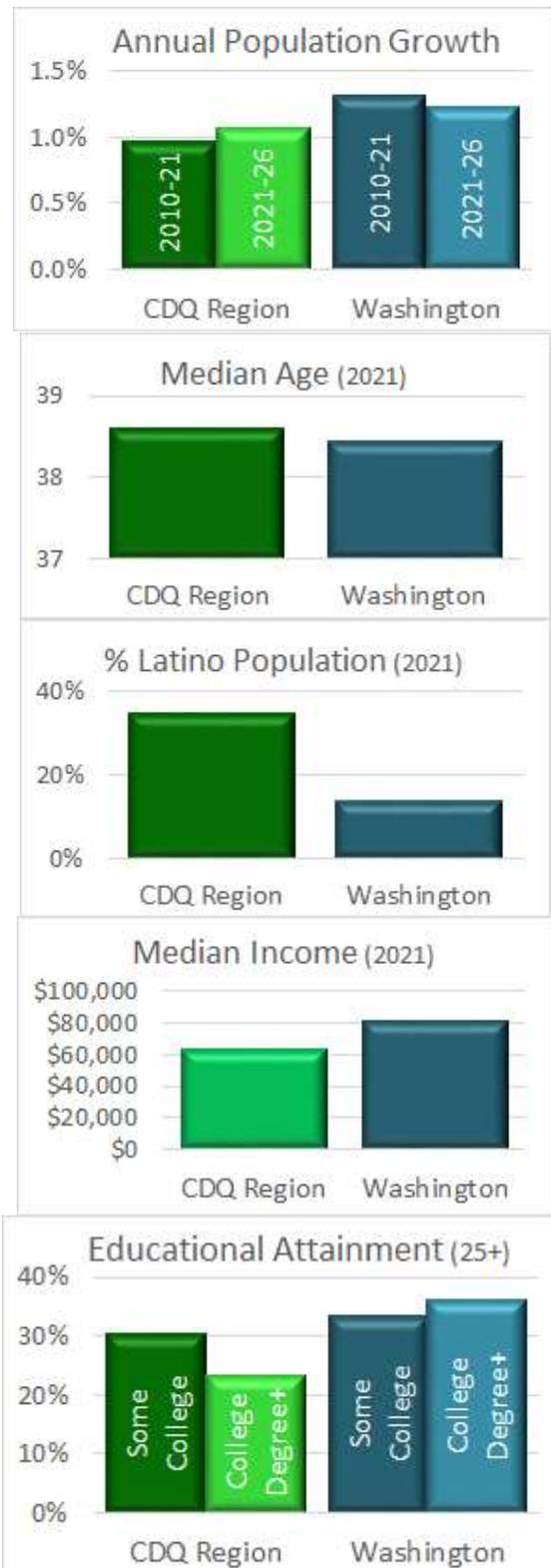
COMPARATIVE DEMOGRAPHICS

Key population and demographic factors that serve to help shape market opportunities for the CDQ region relative to the entire state of Washington are graphically depicted and described on the next page – as follows.

As illustrated by the graphs to the right:

- **Population** of the CDQ region has increased by about 1% per year over the last decade, below the statewide growth rate of 1.3% annually. However, the gap is expected to narrow as local growth picks up. Within the region, population growth is strongest for Douglas County and the Quincy area.
- At 38.6 years, **median age** is slightly older than the 38.4 years figure statewide. Within the region, median age is youngest in the area from East Wenatchee to Quincy. This is indicative of growing workforce opportunities in the years ahead.
- **Latino** residents account for 35% of the CDQ population, 2-1/2 times the statewide share of 14%. The Hispanic/Latino proportion ranges from 30% of residents in Chelan County to over 70% for the Quincy area – also yielding new and emerging market opportunities going forward.
- At about \$63,350 per household, **median income** of the CDQ region is 22% less than for the entire state. However, the gap between incomes of all households and Latino households equates to a 15% differential locally versus a much greater 25% gap statewide.
- As in many rural communities, **adult educational levels** are below statewide averages. The proportion of the adult population age 25+ who have not gone beyond high school is higher than the statewide average. While the CDQ region lags the state in terms of the share with a college degree or better, it now comes close to holding its own in terms of adults with some college or an associate’s degree. This bodes well for jobs requiring some post-high school technical education.

Strategic Demographics (2021)



Source: Environics

Other items of note include the following:

- Almost 2/3 of CDQ households (65%) own rather than rent – just above the statewide average of 63-64%. The Quincy area has a somewhat lower rate of homeownership – at just over 59%.
- Average value of housing is about 24% less than home values statewide, a slightly greater disparity than the 22% difference in relative incomes. Anecdotally, this appears to be changing as more migrate away from the Puget Sound and into the North Central Washington / CDQ region.
- Workforce tends to be more blue-collar or service/farming oriented than is the case statewide. Just under half of persons employed are in white collar occupations regionally as compared with 61% statewide.
- Despite long geographic distances between some parts of the CDQ region, average commute time is relatively minimal at 20.5 minutes per commute. This is about 1/3 less than the typical 31-minute commute experienced statewide – as averaged across all workers in Washington state. It also comports well with the regional trade (or market) area considered with this feasibility report.
- Of final note is the more detailed occupational mix of those employed who live in the CDQ region. Compared to the rest of Washington, there are several occupations that are more prevalent regionally – most notably agriculture and forestry-related occupations. The region is also strongly represented in a number of other occupations – including building/grounds maintenance, food preparation/serving, installation maintenance/repair, life/physical/social science, production, personal care/service, and transportation/material moving. Taken together, these occupations account for about 44% of employment regionally as compared to less than 30% statewide. Occupations that are slightly underrepresented (but in many cases growing) are construction, education, healthcare, legal, management and sales related positions.

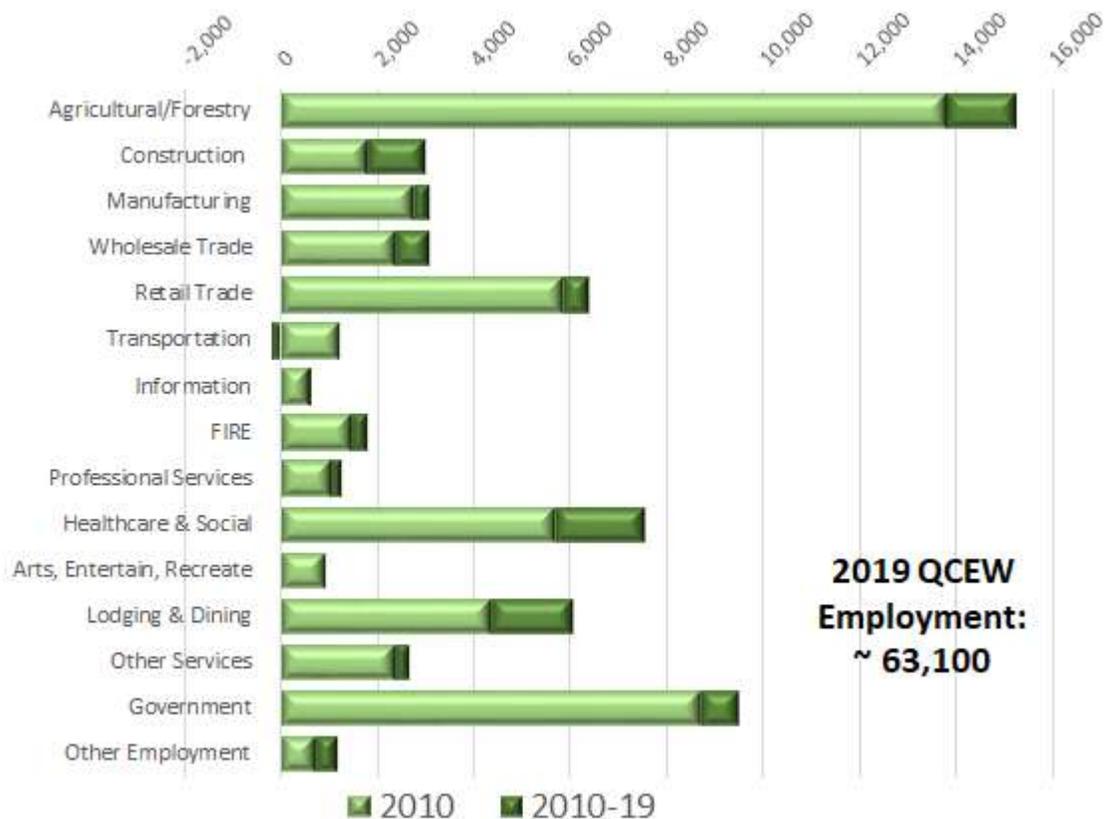
EMPLOYMENT

This analysis now shifts to a review of CDQ region employment trends – including consideration of industry mix, firm size, wages., labor force and unemployment. This discussion sets the stage for subsequent evaluation of potential *best-fit* target industry sectors for the Giga Watt site – starting with review of employment trends over the past decade.

Employment Trend

As illustrated by the graph on the following page, the Chelan-Douglas-Quincy region had an employment base of just under 63,000 jobs as of 2019 (the most recent year for which detailed Quarterly Census of Employment and Wage (QCEW) data of the Washington State Employment Security Department is currently available). This data also is indicative of pre-pandemic and pre-recession employment activity. Over the period from 2010-19, jobs located in the CDQ region have increased by an estimated 18%. By comparison, statewide increased by 22% over this same time period.

CDQ Region Employment by Sector (2010-19)



Notes: FIRE denotes finance, insurance and real estate. Other services cover personal and administrative/waste management. Other employment includes mining, utilities, management of companies, private educational services and jobs for firms not elsewhere classified.

Sources: E.D. Hovee from Washington State Employment Security Department (ESD) Quarterly Census of Employment and Wages (QCEW). Employment data is for workers covered by unemployment insurance. Quincy CCD portion estimated from U.S. Census On-The-Map allocation of CCD as % of Grant County employment.

With close to 15,200 jobs as of 2019, agriculture/forestry represents the largest source of employment in the CDQ region – accounting for 24% of jobs. The next largest source of employment is Government (at over 9,450 jobs), followed by health care and social services, then by retail trade and hospitality (lodging and dining).

In numerical terms, the greatest source of regional employment growth from 2010-19 has been with health care and social services – up by 1,830 jobs. Lodging and dining gained nearly 1,690 jobs, followed by agriculture/forestry and construction.

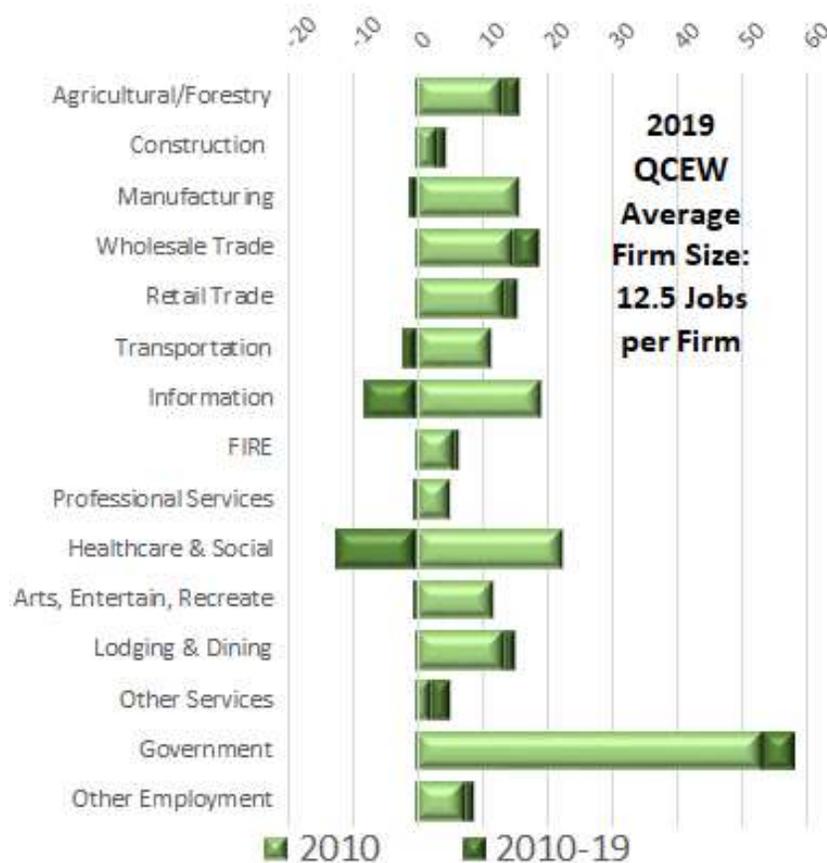
In percentage terms, other sources of job growth – albeit on a smaller job base – are noted for wholesale trade (up by 30%), followed by finance/insurance/real estate (FIRE), professional services, manufacturing and other (primarily personal) services, all up by 10% or more. Transportation and arts/entertainment/recreation are the only sectors for which job decline is noted over this last decade.

Also noted is that while statewide job growth has outpaced that of the CDQ region, this region has outperformed the state relative to percentage employment increases in construction, wholesale trade, FIRE, lodging/dining, personal services and government.

Firm Size

Firm size is of importance for the former Giga Watt since the relatively small 1,152 - 1,350 square foot pod buildings will have capacity to handle only very limited on-site employment – even as these buildings are expanded. As of 2019, the CDQ region averaged approximately 12.5 jobs per firm – below the statewide average of 15.0 jobs per firm.

CDQ Region Average Firm Size by Industry Sector (2010-19)



Sources: E.D. Hovee from ESD and U.S. Census *On-The-Map* data.

As illustrated by the graph above, there is considerable variation of typical firm size when considered by industry sector with government having nearly 60 jobs per employer, ranging down to less than five jobs per construction business. In addition to construction, five other sectors average less than 10 employees per establishment – transportation, FIRE, professional services, and other administrative and personal services.

For the CDQ region, average firm size has increased by about 1.5 workers per establishment since 2010 – with businesses generally increasing their typical job footprint for 10 of 15 sectors considered. Conversely, reduced firm size is indicated for the manufacturing, transportation, information, professional services and health care/social service sectors.

Job-Population Balance

Historically, Chelan County has served as the center of the CDQ region’s population base. In recent years, Douglas County has increased its share of regional population but remains short of a proportional level of employment. The Quincy area has gone the other direction as its share of regional employment now exceeds Quincy area’s share of CDQ-wide population.

As of 2019, Douglas County accounts for an estimated 32% share of the region’s population but only 20% of its job base. Development of additional employment activity – as with Giga Watt site redevelopment – will help to better balance the region’s geographic distribution of employment and population.

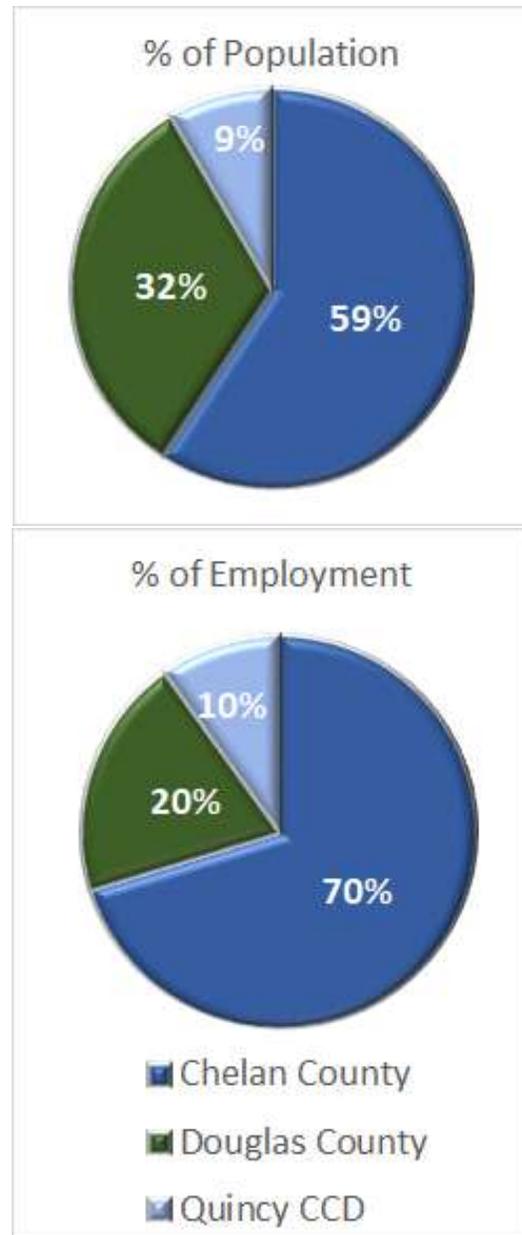
While persons who live in one portion of the region may still commute to another county to work, a better balance out of job opportunity will serve to improve job access for East Wenatchee and Douglas County residents. Over time, this also poses an added benefit of reducing on CDQ traffic congestion – locally constrained with just two cross-Columbia bridges connecting Wenatchee with East Wenatchee.

Wage Levels

Another factor of importance to the economic vitality of a region lies with opportunities for employment offering potential for increased income.

As shown by the chart on the following page, there are substantial differences in wage levels associated with varied employment sectors of the CDQ region.

Comparative Shares of Regional Population & Employment (2019)



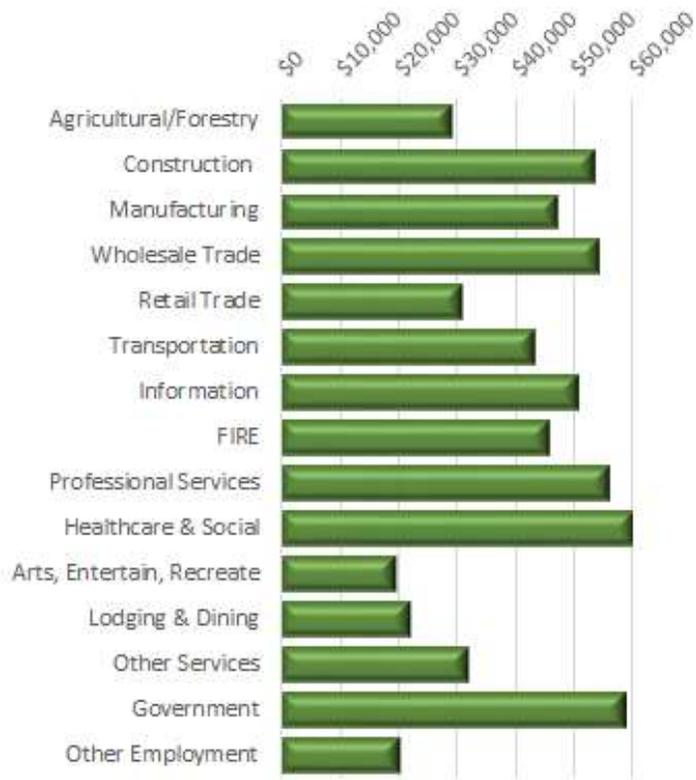
Sources: E. D. Hovee from OFM, ESD & Enviro-nics.

As of 2019, average annual payroll for the CDQ region was just under \$41,500 per worker. The top paid employment sector is noted for healthcare and social service workers, averaging about \$60,200 per worker.

Other sectors paying above average wages (in descending order) are government, professional services, wholesale trade, construction, information, manufacturing, FIRE and transportation. Sectors paying below the region-wide (all job) pay average are personal services, retail trade, agriculture/forestry, and lodging/dining.

As described later in this report, business tenants targeted to consider locating in adaptively reused buildings at the Giga Watt site can be expected to comprise a strong proportion of sectors with relatively high per employee sales (and wage) performance.

Average CDQ Region Wage Rates by Employment Sector (2019)



Note: See region employment graph for added category notes.

Sources: E. D. Hovee from ESD & U.S. Census.

Unemployment

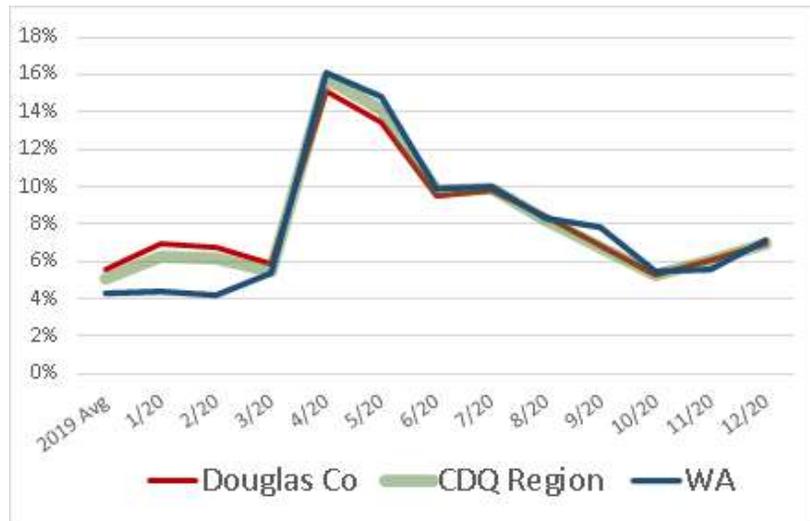
In the depths of the Great Recession of 2007-09, the Washington state unemployment rate peaked at 11.3% in January 2010. Peak rates were higher in the CDQ region – at 11.4% in Chelan, 12.8% in Douglas and 13.1% in Grant counties, respectively. The U.S. and regional economy then went through a gradual but relatively steady economic recovery. Unemployment rates statewide bottomed out at 3.6% (seasonally unadjusted) in October 2019 – with Chelan and Douglas County rates a month earlier dropping to 3.4% and 3.9%, respectively.

Joblessness returned on an unprecedented scale in the spring of 2020 with onset of the COVID-19 pandemic and associated economic recession. CDQ region unemployment shot up from an estimated 5.4% rate in March to 15.8% one month later in April – just below the statewide unemployment rate of 16.1%.

Subsequently, unemployment (for workers covered by unemployment insurance) dropped back to near pre-pandemic levels coming into the mid-autumn period. As of October 2020, the CDQ regional unemployment rate was an estimated 5.3% – just below the statewide rate of 5.5%.

While coming into the pandemic with slightly elevated unemployment, Douglas County and the CDQ region have recovered somewhat more quickly than the rest of the state. After peaking in April, the jobless rate for all three comparison geographies declined in each succeeding month through October, then with an uptick in unemployment over the last two months of the year.

Comparative Unemployment Rates (2019-20)



Note: Monthly unemployment rates are not seasonally adjusted.

Sources: E. D. Hovee from ESD, Environics & U.S. Census.

This graph will be updated prior to final CERB report completion.

The unemployment rate for Chelan County is noted as 6.9% as of December 2020 with Douglas at 7.0%. Unlike

the Great Recession of over a decade ago when unemployment was more severe for the CDQ region than the state, the current situation has seen the CDQ region more closely follow the statewide trajectory.

Whether a downward trend in joblessness resumes in the months ahead or exhibits greater instability will depend in large part on COVID infection reductions, experience with vaccines now increasingly widely distributed, potential new virus variants, and associated business restrictions or re-opening phases. Also noted is that while rates for the insured unemployment appear to be back to relatively healthy levels, there is now a much larger pool of persons filing claims for other jobless programs – including for self-employed/gig workers and for those whose regular benefits have expired.

For the period of 2018, 2019 and 2020, the current 3-year average unemployment rate as reported by the Employment Security Department (ESD) is 6.5% for Douglas County as the site of the Giga Watt project. Chelan County has a somewhat lower rate of 6.0% and the state is yet lower at a 3-year average unemployment rate of 5.7%.

COMMERCIAL REAL ESTATE

In addition to demographic and employment metrics, it is useful to consider *on-the-ground* perspectives of individuals and firms active in the commercial real estate brokerage business in the CDQ region. Smaller metro markets often do not have enough commercial real estate activity to support brokers specializing in commercial real estate.

Fortunately, the Wenatchee MSA does offer expertise and experience of value to both local and non-local investors as well as end-user firms. However, the market is not large enough to

support the level of data gathering and publication of real estate rental, vacancy and absorption data as is common in larger metro areas of the state. Determining value can also be challenging because of limited local market activity, meaning that comparable sales or leases from elsewhere in eastern Washington often are referenced in addition to data as available for local commercial real estate transactions.

Based on referrals from the Port's project team, three brokers with extensive commercial and industrial real estate experience were contacted and interviewed by phone.³ Their perspectives were informative regarding such matters as property advantages and disadvantages, potential uses and rental rates supported. While some perspectives are shared in common, there also are variations in emphasis especially with respect to what might be the most viable uses for the Giga Watt site.

Overall Market Perspective

Similar to experience more broadly across the U.S. and regionally, there are mixed views about the overall strength and prospects for the commercial real estate market currently and going forward – depending in part on the type and size of space involved:

- Through the pandemic and recession, **industrial space** demand is the “bright spot” – performing better than other commercial sectors. This is especially the case for large-scale distribution and data center functions of companies such as Amazon, Google, Walmart and Target – as well as for some ramped up and re-shored U.S. manufacturing activity. The scale of these operations is well beyond the size of building spaces that can be served by the small footprint Giga Watt buildings.
- With the exception of large format stores, **commercial retail** space demand has been on the decline – ranging from restaurants to gyms, hotels/motels and personal services that have been severely affected by COVID-related shutdowns and curtailments of business operations. For retail, demand for *brick-and-mortar space* was waning even before the pandemic due to continuing incursion of internet-based retailing. Going forward, there is less consensus as to what extent these businesses will recover once a vaccination is firmly in place with governmental approval to fully re-open. In any event, landlords likely will be competing over at least the next couple of years for fewer tenants, many seeking rent concessions in the near term. One possible exception might be for some destination-oriented retail – as with wineries.
- Prospective demand for **office space** is highly uncertain. A better picture will emerge as office leases come up for renewal with tenants making decisions as to whether to terminate leases (depending on the proportion of employees permanently transitioned to at home work), renewing with either the same or lesser space needed (for example, with just a proportion of workforce coming to a conventional office location). One broker describes a likely shift from working at home to smaller branch offices. Another notes hesitancy of “owners to start back up.” It likely will take at least 1-2 years beyond the pandemic before stronger consensus over a longer-term office trajectory emerges.

- What captures some brokers attention is the potential that a site like Giga Watt offers for what a broker describes as a “village industrial” or “cottage village” concept. Another notes that there is beginning to be a lot of churn in the market as businesses are “moving around,” whether out of necessity or seeking new opportunity.

These overview comments serve to frame the conversation for more site-specific observations that now follow.

Site Advantages & Disadvantages

Of the brokers contacted there is relative consensus as to the advantages and disadvantages of drawing business to the Giga Watt site.

- The key **disadvantage** cited is perceived distance from the core of the Wenatchee MSA market – in a somewhat removed and as yet not highly trafficked business park. One party describes the Pangborn Airport Business Park as “very remote.” Another observes that, “customer-oriented businesses need foot traffic.” Any business with need for substantial customer or client traffic will need to perceive this location as a destination worth the few minutes extra drive. Building momentum may be challenging as there is as yet no nearby convenient food or beverage options and, despite airport proximity, no nearby lodging.
- If disadvantages represent the *here and now* conditions, the **advantages** reflect more the longer-term assets to leverage for new business investment. Cited as positives are proximity to the airport (of increased importance as more travel comes in from the Puget Sound), access east to I-90 via Batterman/Rock Island roads and Quincy (as well as to travel points north and west). Due to the uniqueness of the Giga Watt buildings, successful development and tenancy for a mix of small businesses serving larger nearby companies could also serve as a draw or incentive for other larger firms to lease available properties at other airport business park sites.

Target Uses

Those contacted were initially hesitant to state an opinion about what types of businesses might represent the *best fit* for the recycled Giga Watt buildings – but then warmed up as the conversations evolved:

- **Small scale industrial** – for a diversity of cottage shops and distributors (including maker space) – are generally seen as the best early phase uses. One broker says “definitely industrial/warehouse.” Another talked at some length about the number of small shop/distributors currently renting mini-warehouse space for which the Giga Watt buildings could be a “step up,” especially if rents are competitive with current rental rates in the \$1.00 per square foot per month range. For these tenants, adequate loading areas and space for outdoor storage may be important features of tenant interest.
- **Professional offices** – for small 1-5 person offices – as for architects, attorneys, massage therapists, personal trainers – represent a potentially viable part of the business mix.

These would be businesses not primarily reliant on local clientele or for whom the office visit can be viewed as a viable destination activity. Choosing a more out-of-the-way place to do business can be facilitated if there are on-site dining or business service businesses, e.g., a coffee/internet café possibly with on-site meeting room.

- **Limited food service & retail** – an example of which might be a boutique winery/tasting room business cluster. Getting the first winery to locate at the Giga Watt site will be the early-on challenge. An issue may be the need for enough space to accommodate both winery production and tasting room functions – perhaps requiring more than one building. One broker notes the presence of other wineries and a cider distillery in the area. Another is especially bullish on this option as wine aficionados are more than willing to drive.

Following the examples of other incubator clusters as in Walla Walla and Prosser, a mixed-use approach might ultimately feature several winery/tasting rooms with small artisan shops for gifts, pottery, art – also use of outdoor area for receptions and other outdoor events – “an amazing route to go.” For this concept, additional amenities such as a commercial kitchen might also be of interest.

For any of these uses, providing full-service infrastructure – from broadband wifi to common area restrooms and outdoor gathering areas – will be pivotal. While there might be some interest in retaining covered but unenclosed patio areas as-is for employee or customer use, the better opportunity appears to be for these areas to be fully enclosed to better accommodate business expansion. Roll-up doors could be a great asset for a range of industrial to mixed use activities.

Supportable Rental Rates

Unlike some larger metro markets which tend to consistently quote rental rates in similar terms, commercial rents in the greater Wenatchee/CDG area appear to be quoted using a variety of combinations ranging from triple net (NNN) where the tenant pays all expense as for janitorial, insurance, and utilities to full service – with combinations in-between. In this market, some rates are quoted in monthly, others in annual terms:

- According to one broker, industrial and warehouse space can go for as little as \$2-\$8 per square foot per year triple-net.
- The high end of the market might be office space which in downtown Wenatchee was renting pre-pandemic for \$12-\$15 per square foot.

Triple net and common area charges can range from \$3-\$5 per square foot per year. So a building that rents for \$10 NNN may support a full service rent in the range of \$13-\$15 annually. If supported by a financial pro forma (including possible grant or other contributed funds), absorption could be enhanced and tenant mix made more intentional if rents can be discounted to the lower end of market rates through at least the initial lease-up period.

IV. DEVELOPMENT & USE CONCEPTS

Based on evaluation of the subject site and vicinity area together with assessment of market conditions, it is now possible to consider potential development and use concepts. This discussion addresses target tenant sectors, strategic options and potential reuse concepts.

TARGET TENANT SECTORS

Determination of sectors most appropriate to target as prospective tenant types is based on review of detailed firm and employment data for the CDQ region. From an initial listing of 124 business and employment sectors, 39 sectors have been identified as offering potential for businesses that might reasonably be considered to occupy the small industrial tech buildings at the former Giga Watt site.

The six following evaluation criteria were applied to assess the *potential fit* of specific sectors to the location, site and building features offered at this Pangborn property:

- ✓ **Growth Sector** – with overall (2-digit NAICS) industry employment growth regionally of at least 10% from 2010-19
- ✓ **Per Job Sales Revenues** – exceeding the CDQ region average of \$200,000 sales per job across all sectors
- ✓ **Small Firm Size** – averaging no more than 10 employees per firm for the business sector being considered
- ✓ **No Major Firms** – meaning no single firm in the sector with a regional market dominant position of 100+ employees
- ✓ **West Side Spillover** – focused on the types of Puget Sound firms most likely to be footloose and with a younger workforce attracted to the CDQ lifestyle
- ✓ **Synergistic Fit** – for firms that would likely complement and reinforce other on-site uses as good neighbors (with firms creating noise or having requirements for significant on-site equipment or material storage not checking this box)

Of the six criteria, the first four involve tests against specific measurable standards. The other two involve a more qualitative assessment based on typical industry practices and experience.

Of the 39 potential employment uses preliminarily selected, every sector meets at least one of the six identified criteria. Only two sectors fit all six. All but two of the sectors recommended currently have a business presence in the CDQ region – some more than others. This leaves a fair amount of diversity useful to formulate a viable strategic approach to tenant marketing – a topic taken up in the next section of this report.

On the following page is provided a target sector matrix chart. Each potential target sector is evaluated on the basis of the six criteria – with additional comments noted.

Target Industry Sectors for Giga Watt Site Reuse & Buildout (Preliminary)

NAICS: Employment Sector	Number of Firms	Growth Sector	Per Job Sales	Small Firm Size	No Major Firms	West Side Spillover	Synergistic Fit	Comments
115: Support Activities for Agriculture and Forestry	23	✓	✓			✓	✓	Consulting & ag/forestry services
237: Heavy and Civil Engineering Construction	21	✓	✓	✓	✓	✓		Best if w/o on-site equipment
238: Specialty Trade Contractors	284	✓		✓		✓		Best if w/o on-site equipment
311: Food Manufacturing	37	✓						Smaller specialty food products
312: Beverage and Tobacco Product Manufacturing	60	✓	✓	✓	✓		✓	Wineries, micro-brew/distilleries
315: Apparel Manufacturing	0	✓		✓	✓		✓	Custom outdoor apparel
316: Leather and Allied Product Manufacturing	0	✓		✓	✓		✓	Small specialty products
321: Wood Product Manufacturing	6	✓	✓	✓	✓			Small run specialty products
323: Printing and Related Support Activities	5	✓		✓	✓	✓	✓	Custom printing
326: Plastics and Rubber Products Manufacturing	3	✓				✓		Could include 3D printing
327: Nonmetallic Mineral Product Manufacturing	5	✓		✓	✓	✓		Small scale specialty parts
332: Fabricated Metal Product Manufacturing	19	✓		✓	✓	✓		Small scale specialty items
334: Computer and Electronic Product Manufacturing	5	✓				✓	✓	Customized equipment
335: Electrical Equipment, Appliance, and Component Manufacturing	0	✓		✓	✓	✓		R&D w/test manufacturing
337: Furniture and Related Product Manufacturing	4	✓		✓	✓	✓		Customized furniture
339: Miscellaneous Manufacturing	28	✓		✓	✓	✓	✓	Smaller products as w/3D printing
423: Merchant Wholesalers, Durable Goods	114	✓	✓					Small ag/forestry supplies
425: Wholesale Electronic Markets and Agents and Brokers	11	✓	✓		✓		✓	Small item internet sales
453: Miscellaneous Store Retailers	114		✓	✓	✓		✓	One of a kind destination shops
454: Nonstore Retailers	45			✓	✓	✓		Small item internet/mail order
481: Air Transportation	3		✓	✓	✓		✓	Small firms serving Pangborn
487: Scenic and Sightseeing Transportation	9			✓	✓	✓	✓	Especially for airport arrivals
518: Data Processing, Hosting, and Related Services	7				✓	✓	✓	Software/app/hosting/DP
519: Other Information Services	20					✓		Websites, data storage services
52: Finance and Insurance	402	✓	✓	✓	✓	✓	✓	Investment/trust advisors
53: Real Estate and Rental and Leasing	254	✓		✓		✓		Specialty broker/leasing firms
54: Professional, Scientific, and Technical Services	406	✓		✓		✓	✓	Consulting, research, testing
55: Management of Companies and Enterprises	4	✓	✓	✓	✓	✓	✓	For firms with non-local clientele
561: Administrative and Support Services	175			✓		✓	✓	Small back-office potential
562: Waste Management and Remediation Services	15			✓	✓	✓	✓	Especially environmental services
621: Ambulatory Health Care Services	943	✓		✓		✓		Outpatient rural health care
711: Performing Arts, Spectator Sports, and Related Industries	18						✓	Outdoor/indoor potential
712: Museums, Historical Sites, and Similar Institutions	36			✓	✓			Small specialty museum
721: Accommodation	142	✓				✓		Small airport inn/Airbnb
722: Food Services and Drinking Places	313	✓				✓	✓	Café for nearby airport/business
924: Administration of Environmental Quality Programs	4			✓	✓	✓		Includes possible on-site testing
925: Administration of Housing Programs, Urban Planning, and Community Development	1			✓	✓	✓		Special programs, e.g. farm housing
926: Administration of Economic Programs	13					✓		Possible short term w/recovery
927: Space Research and Technology	0			✓	✓	✓		Airport link, no current presence

Sources: E.D. Hovee. Preliminary and subject to revision.

Some uses can be expected to be one-of-a-kind tenants at the Giga Watt site. For example, there is not likely to be a market for more than one coffee shop or café in support of other businesses at the Pangborn Airport Business Park. While this type of use may serve as an amenity useful to attract other firms, it will be important to overcome any initial perception of inadequate existing critical market mass to support this type of use at this edge location.

Conversely, it is possible that a destination use – such as a boutique winery – could take off. Success of the pioneers might serve as impetus to organically grow a Pangborn winery cluster.

More traditional but boutique oriented industrial uses (or maker spaces) could support this eclectic vibe but at the risk of being viewed as nuisance uses by their less industrial neighbors. However, in the minds of some real estate professionals, this is also viewed as perhaps the stronger market at present. Examples would include operations such as small custom wood or plastics or fabricated metal shops – some of them who may be operating in rudimentary spaces such as mini-storage warehouses currently. These uses, if permitted, would need to operate consistent with clearly understood design and operating standards.

Pre-pandemic, office-related uses may have represented perhaps the easiest tenant sell. However, this is less so now as more work from home with resulting weakened office space demand. This location, the unique grouping of small buildings in a village cluster may appeal most to tenants that do not rely on a strong base of *Wenatchee area clientele*, but rather serve a larger geographic market area. The potential for a makers' village concept may also appeal to a broad mix of tenant types that can benefit from business-to-business (B2B) interactions – whether as vendors/suppliers or customers.

The layout of the Giga Watt site further lends itself to flexibility in at least four other respects that could well support a unique marketing edge in the greater Wenatchee industrial and commercial tenant market:

- There is agreement that the approximately 624 square foot existing building footprint is too small for even some small start-up firms, especially when considering the need for on-site restroom facilities. Enclosing the current porches areas will allow for an approximate doubling of rentable building area – depending on option configuration. This added space allows a firm to start small, but then stay on-site for a longer period of time – facilitating one to two stages of business start-up and development.
- Due to spacing between buildings, there should also be opportunity for expansion of already in-place building footprints if developed consistent with a site-wide master plan.
- While the Port is not planning to market space to another smaller-scale data center, it is possible that the Port could respond to business proposals for one or more buildings.
- Finally, the spacing between buildings also allows for development of green space separated from traffic and parking areas – relatively unique for industrial sites but appealing in a post-COVID setting with business and employee preference for reduced density and stronger environmental ethic. For some, providing roll-up or folding doors may also serve as an attractive indoor-outdoor employee and/or customer amenity.

STRATEGIC OPTIONS

Three different strategic options have been considered as potential means to effectively pursue the target industry sectors best suited for a small business incubator, pod-style campus:

- **Option A – Go Niche Industry.** This offers the prospective benefit of best positioning the Giga Watt site as a regionally recognized employment center – with potential to pursue any number of potential niches ranging from flex-tech hub to maker space to winery incubator. It may prove challenging to determine the best bet and then stick with that niche, especially if space absorption from other similar firms proves slow to materialize.
- **Option B – Go Mixed Use Employment.** Much like good shopping center developers, the aim of this approach would be to identify the ideal tenant mix in advance, then market to fill each of the tenant slots specified. For example, the goal might be to secure certain proportions of office, tech, true maker space/industrial, and food service uses together with the locations within the village complex targeted for each. This has the advantage of driving a more precise supporting master plan but leaves the question of what to do if certain key parts of the tenant equation prove difficult to draw to the site.
- **Option C – Go Organic.** This is the most eclectic approach, essentially letting anyone in who can fit within specific but flexible design and operating standards – with the objective of building out and leasing the tenant spaces as quickly as possible. As long as clearly incompatible use situations are avoided, this has the potential of achieving the most rapid lease-up and best return on Port investment, but at the possible expense of achieving a longer term sustainable and compatible tenant mix.

Other hybrid approaches might also be considered – depending on how the market unfolds over the course of the next several years. For example, the initial approach might be to start with the Option C organic approach, then shift toward a more tightly defined niche or mixed-use approach over time based on the uses that emerge as most viable, mutually reinforcing and supportive of meeting Port investment objectives.

Each of these three strategic options appears to be consistent with the overall theme of a *village industrial concept* – as further detailed below. Based on preliminary discussion with CDRPA, the preferred scenario might be a combination of Options B and C – with Option C leading the way at least in the early portion of the project lease-up period.

REUSE CONCEPT

Somewhat independent of the question of targeted business opportunities is the preparation of building and site-specific reuse concepts. Rather than start with a *blank slate*, viable reuse ideas are substantially shaped by what is on the ground today – in terms of existing (though largely incomplete) building structures and pod sites as well as on-site circulation and utility services. A key objective for any reuse concept is the need to deliver the resulting product to business tenants in a manner that is suitable for the uses intended and at rental rates attractive and affordable to small business tenants.

Based on what is known about the site and the market today, the following guideposts are suggested for framing the most viable options likely available:

- 1. Keep the Port in the driver's seat with lead responsibility for site build-out and on-going business rental and property management going forward.** CDRPA has the experience, expertise, and staying power to undertake a development of this type. There may come a day when consideration of building sale or condominium options might be considered after the development is well-seasoned, but common management is preferred through at least build-out and stabilized occupancy.
- 2. To the extent possible, preserve what has been built-to-date and prevent further deterioration that will become increasingly costly to remedy.** This may mean effective mothballing or at least weatherizing buildings most at risk of further deteriorating. If the buildings can be protected quickly, then reuse has a better chance to be considered as a cost-effective site development option than demolition and wholesale redevelopment.
- 3. Complete build-out of all 25 structures as fully enclosed building envelopes, ranging from 1,152 - 1,350 square feet, averaging 1,233 square feet.** Proposed is that all structures be enclosed to cover the existing building plus adjoining porch area. This could occur building-by-building as tenant commitments are made and possibly to allow for more customized tenant improvements. However, building out all structures at once may prove more cost effective and improve overall tenant marketability.
- 4. Complete and implement a common area utility service, traffic circulation, parking and loading area plan in concert with substantial common area and outdoor landscaping and event space.** The configuration of the buildings should make it possible to create drive, pedestrian and common parking areas, with an open/landscaped common area in-between some adjoining sets of buildings. The extent to which truck loading is to be facilitated will depend on master plan considerations of whether to encourage uses with more substantial freight volumes (whether as manufacturers or wholesale/distributors).
- 5. Allow for consideration of further tenant expansion to adjacent buildable portions of the site as consistent with an overall site master plan.** While this could accommodate needs of firms with significant expansion opportunities, care should be taken to assure that future added new/expanded building space does not unduly compromise the open/common areas of the campus.
- 6. Market and manage the site to encourage B2B synergies and interaction between tenants, their vendors and customers.** How this occurs will depend in part on the tenant mix that either evolves or is explicitly targeted. Anchored customer-oriented uses (if allowed by zoning) such as a café, brewery or winery facilities could facilitate this interaction. The Port could start this by seeding a business owners association that is transitioned to the tenants as the development nears full lease-up. The site is not well located and too isolated for significant other retail – unless a critical mass as of destination uses as with wineries and related artisan businesses could be established.

V. FINANCIAL FEASIBILITY

A typical path to determining real estate project feasibility involves preparing a development program followed by estimation of land, utility and building costs. A financial pro forma is then constructed to compare anticipated capitalized value (from tenant rental income) with the project cost. This analysis proceeds in two steps:

- First, addressing the question: *What will site and building development cost?*
- Then taking on the dual questions of: *What market value is supported? And under what conditions?*

SITE & BUILDING DEVELOPMENT COST

As noted the financial feasibility analysis begins with site-related costs followed by evaluation of potential building pod reuse, construction completion and related development costs.

Site Development

Site related requirements and associated costs have been evaluated by RH2 Engineering, Inc. as part of the Forte project team. Key site improvement needs are expected to include:

- **Site preparation** – including selected construction removal, clearing and grubbing
- **Drainage** – with catch basins and associated piping
- **Watermain** – with service to each pod building
- **Sanitary sewer** – to each pod including piping and cleanout facilities
- **Irrigation main** – for common area landscaping
- **Electrical** – with conduit to each pod via dry utility trench
- **Surfacing/paving** – for pedestrian/vehicle access, drive painting and parking
- **Grading** – including embankment compaction and stormwater pond excavation
- **Other items** – including sidewalk, roadway surveying, and shoring/extra excavation

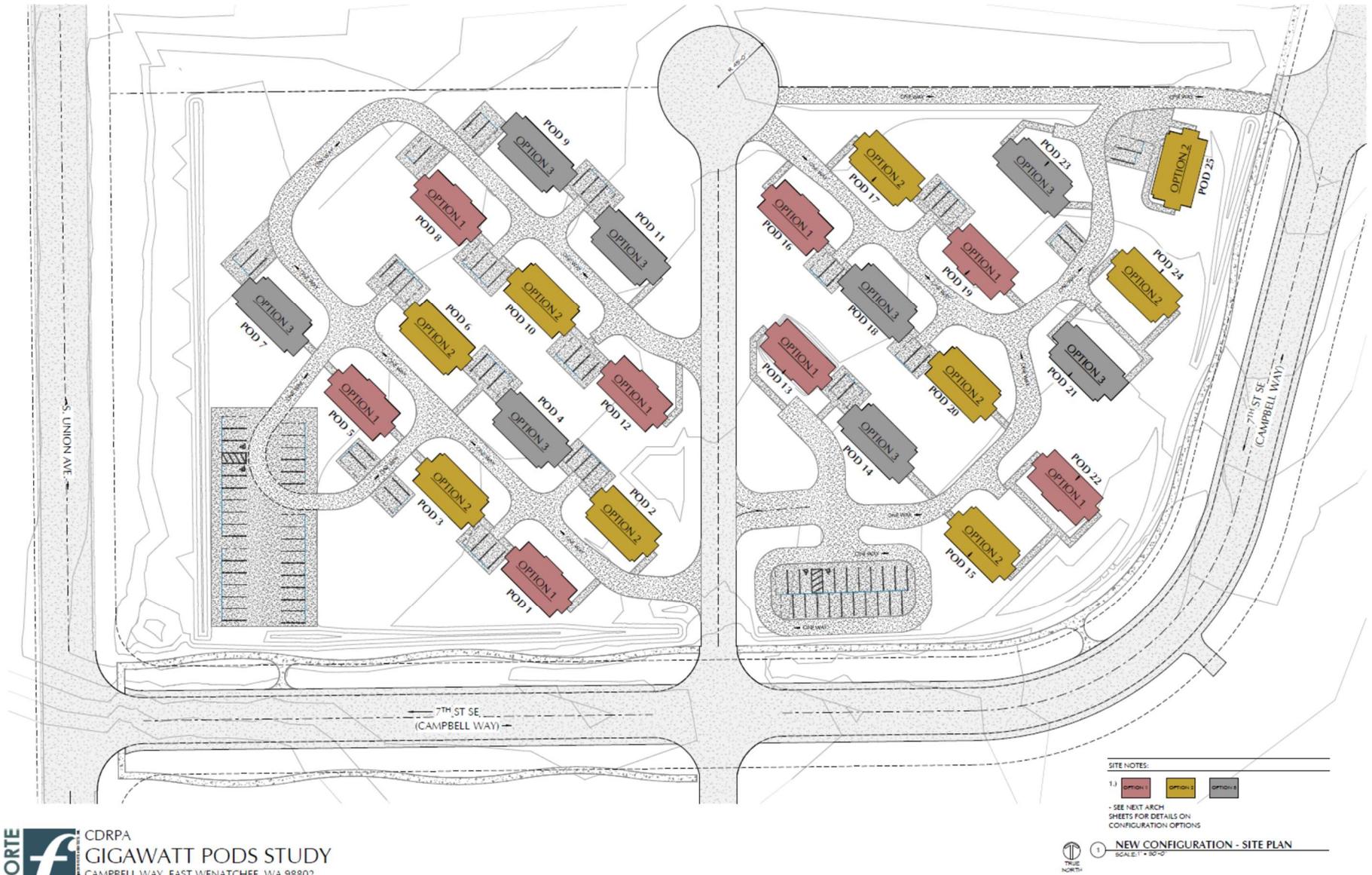
Total construction cost is estimated at \$1.046 million. With soft costs including state sales tax, contingencies and engineering include, total site cost is estimated at close to \$1.552 million.

A site development plan overview is attached with Appendix C to this report. More detailed line item cost estimates are included with the design package provided as a separate deliverable.

Building Pod Development

As depicted by the graphic on the following page, the 25-pod Giga Watt buildings are expected to be built or finished out according to three varied size and floor plan options:

Giga Watt Pod Development Options



FORTE ARCHITECTS
CDRPA
GIGAWATT PODS STUDY
CAMPBELL WAY, EAST WENATCHEE, WA 98802
2021.02.18 2064

Source: Forte Architects⁴

- **Option 1** – with development of 8 pods covering 1,152 square feet each of open concept customer/workspace – including possible occupancies as for wine/beer tasting or café to support other Pangborn Airport Business Park business and destination activity.
- **Option 2** – Involves 9 pods with approximately 1,200 square feet of floor area per pod – a similar open space concept with added tenant options as for small tech/IT or creative sector company
- **Option 3** – for 8 pods with the largest floor configuration of 1,350 square feet per unit, offering opportunity for added flexible work area as for maker space

Taken together, the 25 pods comprise a total of 30,816 square feet, averaging 1,233 square feet of enclosed space (per pod) across all units.

Construction Costs Parameters. For each of the pods, **hard construction cost** estimates have been estimated reflecting two possible cost structures:

- At commercial non-prevailing wages typical for the Wenatchee area market, estimated at a hard construction cost approximating \$130 per square foot.
- At a prevailing wage rate structure often required for projects with public funding support, with hard construction costs estimated at \$190 per square foot.

These per square foot figures reflect current market conditions – including effects of recent cost escalation due to factors ranging from resurgent construction demand to shortages of construction work force and escalation of material costs – especially for wood products.

To these hard construction costs can be added **contractor profit** of about 20% of construction plus another 10% **contingency** on the combined total – for an adjusted construction cost.

Also included in the pod development cost estimates are **soft costs** typically including Washington state sales tax, mechanical, architect/engineering and permitting fees – typically in the range of 30% of the adjusted construction cost.

Total Construction Cost. Based on these cost estimating assumptions, total cost of pod construction to build-out is estimated to range from \$6.9 - \$10.0 million – depending on whether the project is developed under conditions of normal commercial construction as compared with projects associated with prevailing wage costs.

Combined Development Budget

The combination of site/infrastructure and building construction costs ranges from a total of \$8.4 million with commercial construction to \$11.6 million with prevailing wage application. A more detailed development budget comparison is provided by the chart on the following page.

In addition to the factors explicitly consider with RH2 and Forte cost estimates, there are other factors that might come into play that affect cost of development. Such items include:

- Building out the site as one project – likely costing less than a multi-phase project
- Determination of whether to build the project as shell space – with some portion of interior demising and improvements negotiated as a tenant responsibility
- Consideration of potential to separate portions of the development project subject to prevailing wage versus non-prevailing wage construction
- Timing of development to take advantage of seasonal or cyclical construction slowdowns or the return of construction costs to those associated with more normalized labor and materials supply market conditions

Estimated Giga Watt Site & Pod Development Cost

Development Program & Cost Factor	Non-Prevailing Wage	Prevailing Wage	Comments
Site Preparation & Infrastructure			Per RH2 Engineering, Inc.
Construction Total	\$1,046,300		See detailed improvements list
Soft Costs (48%)	\$505,400		Sales tax, contingencies, engineering
Subtotal	\$1,551,700		
Building Program & Cost			
# of Pods	25		Per Forte Architects
Building Area per Pod (SF)	1,233		Average across pertinent pod units
Total Building Area (SF)	30,816		
<i>Cost per Square Foot</i>	<i>\$130</i>	<i>\$190</i>	<i>Reflects current hard construction costs</i>
Construction Cost	\$4,006,100	\$5,855,000	Before contractor/contingency
Add Contactor Profit	\$801,200	\$1,171,000	Estimated @ 20% of hard cost
Add Contingency	\$480,700	\$702,600	@ 10% of hard cost + contractor
Adjusted Construction Cost	\$5,288,000	\$7,728,600	Before soft cost
Add Soft Cost (30%)	\$1,586,400	\$2,318,600	w/sales tax, mechanical, A&E, permit fees
Total Cost	\$6,874,400	\$10,047,200	All-in cost estimate
Total Project Cost	\$8,426,100	\$11,598,900	Site prep/infrastructure + building pods

Notes: Land value not included with cost estimate. Estimates are preliminary and subject to refinement.

Sources: RH2 Engineering, Forte Architects and E. D. Hovee.

MARKET VALUE SUPPORTED

Determining market value upon completion is important as a second step to ascertain project feasibility. For private investors, market valuation should be at least equal to if not exceed project cost. While CDRPA is a public investor, it has adopted guidelines for what is viewed as an acceptable rate of return. In cases where project cost exceeds valuation, there may yet be a path to project feasibility, particularly if outside (or contributed) funding can be secured.

A simplified pro forma is illustrated below – predicated on what the market for similar space suggests is a going rental rate. To simplify the initial analysis and as a reflection of current conditions (both for office and retail space), triple net (NNN) rents are assumed. These are rents where the tenant pays all expenses – as for common area, janitorial, insurance, and taxes.

Preliminary Financial Pro Forma Valuation

Valuation Factor	Moderate Rent	Low Rent	Comments
Development Program			
Developable Space (SF)	30,816		For all 25 pods @ completion
Rental Income			
Rental Rate (/SF Monthly)	\$1.00	\$0.85	Assumed triple net (nnn)
Annual Gross Rent	\$369,800	\$314,300	For 30,816 gross rentable building area
less Vacancy	(\$36,980)	(\$31,430)	Conservatively assumed @ 10% to leaseup
Net Operating Income	\$332,820	\$282,870	
Supportable Valuation			
Port ROI Objective	10%	10%	Return-on-investment target
Valuation @ Lease-Up	\$3,328,000	\$2,829,000	Port reinvestment limitation

Source: CDRPA and E. D. Hovee. Pro forma is preliminary and for illustrative purposes.

With this pro forma, two alternative rent levels are assumed for rehabilitated and fully enclosed Giga Watt building spaces – monthly rates of \$1.00 versus \$0.85 per square foot. These rates appear to be supportable based on Port experience with its other properties together with rates for private market commercial building space in the greater Wenatchee market area.

If capitalized using the Port Authority’s 10% return on investment target, the supportable value and cost range would be somewhere between about \$2.8 and \$3.3 million. Project valuation could be increased if rents toward the upper end of the market were charged – either upon completion or in future years after full occupancy is achieved.

However, as a major objective of Giga Watt site redevelopment is to assist small business development – especially during recovery from the pandemic and economic downturn – a moderate to discounted rental rate structure appears to more fully address public development objectives, at least near term.

Full Service Expense Option

As noted, leases for most Port properties are charged on a triple net basis, with tenants paying property related expenses in addition to the stated lease amount. This is the approach taken with the above pro forma example.

The one exception taken to date by CDRPA has been with the Confluence Technology Center (CTC), also comprised of smaller space users. In this case, the base rate is adjusted up to include

an approximately 83% add-on to the base rent for common areas (reception area, conference room, copy and storage room and hallway). An additional 16% building load factor is added to cover for expenses associated with the overall property.

With the Giga Watt site, it is assumed that each tenant space will be self-contained with no common building area shared by business tenants. However, a building load factor could be included with the monthly rental charge rather than tenants being separately responsible to common area charges such as landscape maintenance, insurance and/or taxes.

If a building load factor similar to that of CTC were applied, this would equate to a moderate rent rate of about \$1.16 per square foot monthly (with \$1.00 as the base rent and \$0.16 as the building load factor). If the low rent rate were applied, the total rent would be just under \$0.99 per square foot monthly (with \$0.85 as the base rent and just under \$0.14 as the monthly building load factor).

The determination to offer space at triple net, full service or some in-between rate structure can be made based on anticipated tenant marketability and Port cost of service considerations. To the extent that the common area charges are equivalent to actual costs, there should be minimal effect to project pro forma feasibility.

Conditions for Project Feasibility

In the event that the project cost exceeds supportable value, the pro forma financial analysis would typically suggest a conclusion of *no go*. The option is to evaluate the potential for contributed equity or gap funding.

As is evident from a comparison of project cost and supportable value, there is a substantial funding gap with project cost exceeding valuation under any reasonable range of scenario alternatives. As noted, project cost is preliminarily estimated to be between \$8.4 - \$11.6 million. This is somewhere between \$5.1 - \$8.8 million above the anticipated value range of \$2.8 - \$3.3 million. This is illustrated by four possible scenarios with this analysis, shown in the following chart.

Financial Gap Analysis – Contributed Equity Needs

Rental Rate / Construction Wage Options	Non-Prevailing Wage	Prevailing Wage	Comments
Moderate Rental Rate	\$5,098,100	\$8,270,900	Amounts to come from contributed sources after accounting for tenant rents
Low Rental Rate	\$5,597,100	\$8,769,900	

Source: CDRPA. Pro forma is preliminary and for illustrative purposes.

These four scenarios result from the combined determination of rental rates plus addressing whether the project is built according to meet prevailing wage versus commercial market labor conditions.

CERB Funding Options. As this feasibility study has been funded by the Washington State Community Economic Revitalization Board (CERB), CDRPA is potentially positioned for capital funding from either of two CERB programs:

- The **Prospective Development Program** is available to Port districts with CERB loans at \$2 million maximum per project and grants at up to 25% of the total award – with applicant cash match of at least 50%. Interest rates on CERB loans range from 1-3% with a maximum repayment term of 20 years.
- A **Committed Private Partner Program** might also be considered if CDRPA were to involve a private developer. With this program, loans are available at up to \$3 million per project with grants at up to 25% of the total award – but also requiring a cash match of 20% of project cost. Interest rate provisions are the same as for the Prospective Development Fund.

With either CERB program, the project must be shown to create a significant number of permanent jobs. Among other provisions, the applicant must also demonstrate the need for CERB assistance and that no other timely source of gap funding is available or sufficient to achieve a financially feasible project.

Other Funding Options. If the entire Giga Watt site is to be developed as a single project, it is clear that CERB resources alone will not be adequate to fill the project funding gap as currently estimated on a preliminary basis. CERB funding alone could prove pivotal if the site were to be developed in phases – including significant focus on infrastructure with an initial project phase.

There are a range of other public funding programs that might be considered as potential sources of contributed equity. Examples include federal programs as with the U.S. Economic Development Administration (EDA) or U.S. Department of Housing and Urban Development, for example, with the Community Development Block Grant (CDBG).

In addition, there are infrastructure and other programs that have been approved with pandemic stimulus programs as with CARES funding. If CDRPA opts to pursue Giga Watt site redevelopment – whether on a single or multi-phase basis – an important next step will be to more extensively review potentially available funding sources and then pursue those deemed most viable and applicable to this particular project.

THE CASE FOR PURSUING GIGA WATT SITE FUNDING

Due to the size of the funding gap identified with this feasibility study, there would be reasonable grounds for CDRPA to decide not to proceed or to defer action to a later date if a more feasible project concept emerges. However, a case can also be made for proceeding now for reasons including:

- Importance of prioritizing small business development which has been adversely affected during the pandemic, specifically the need to provide affordable move-in ready space during the impending period of further economic recovery and renewed local business opportunity
- Opportunity to leverage stimulus funding programs that may become less available in the future as U.S. and regional economies returns to full employment
- Successful development to reduce perceived isolation and incent other development at the Port Authority's Pangborn Airport Business Park
- In the absence of near-term redevelopment, a need to remove at some cost an incomplete development deteriorating over time, potentially becoming an attractive nuisance and deterring other investment at the Pangborn Airport Business Park

The next section of this feasibility report – addressing an implementation plan – is predicated on the option of CDRPA determining to proceed in the near term with a plan for Giga Watt site reuse and development as a business asset for the Chelan-Douglas-Quincy economic region.

VI. IMPLEMENTATION PLAN

Assuming that this project is demonstrated to be financially feasible with CERB or other similar contributed funding, the focus of this adaptive reuse feasibility study now shifts to implementation. This draft implementation plan addresses:

- **CDRPA capacity** – as property owner and developer
- **Development plan** – to transition the property from unfinished to tenant-ready
- **Marketing strategy** – to secure small business tenant interest and lease commitments
- **Action agenda** – as key steps from design and construction to sustained occupancy

CDRPA CAPACITY

Successful project implementation depends on the expertise, experience, financial and management strength of the development and marketing team that will be responsible for developing and operating the repurposed Giga Watt pod buildings. In some communities, putting together the right team can be challenging, especially if there is little public-private experience with similar projects.

For the CDQ region, this fortunately is not the case. The Chelan Douglas Regional Port Authority (CDRPA) is a property owner with significant development and marketing experience and with the in-house financial and management capacity to see this project through from conception to completion followed by subsequent sustained management operation. This is evident from a brief review of the Port Authority's project role and resume of experience with a diverse range of transportation and industrial-related sites throughout the Chelan-Douglas region.

Regional Port Authority Role

CDRPA was recently created as the merger of two separate and longstanding public port districts – the Port of Chelan County and the Port of Douglas County – which voted to functionally consolidate as of January 1, 2020. This multi-county regional port authority is the first of its kind in Washington State. CDRPA also serves as the state recognized Association Development Organization (ADO) for Chelan and Douglas Counties.

The Board of Directors consists of three commissioners from Douglas County and three commissioners from Chelan County. The consolidated port authority serves as the principal economic development agency for the two-county area. The mission of the regional port is to *“Work Together to Enhance the Economic Vitality of North Central Washington.”*

With consolidation, Port offices are now located in the Pangborn Airport Business Park on Campbell Parkway, situated within a few hundred feet of the subject former Giga Watt site.

Economic Development Purpose & Plan

The most recent *Economic Development Plan for Chelan & Douglas Counties* was adopted by the CDRPA Board of Directors on December 17, 2019 for the Year 2020. Desired **outcomes** of the plan are to:

- Create living-wage jobs
- Stimulate private sector capital investment
- Enhance the economic well-being of families in the communities within Chelan and Douglas Counties

Core elements of the work plan listed (not necessarily in order of priority) involve:

1. Small Business Development/Entrepreneurship
2. Existing Business Retention/Expansion
3. Business Recruitment, Marketing, & Advertising
4. Site & Infrastructure Development
5. Economic Profiling
6. Economic Development Advocacy

Adaptive reuse of the Giga Watt site for sustainable economic development fits well with all three key desired outcomes of the current plan. With respect to core elements of the work plan, the project is particularly well suited to support small business development and entrepreneurship (Element #1) and site/infrastructure development (Element #4). Implementation also is expected to involve an active CDRPA role in business recruitment, marketing and advertising (Element #3).

Port Airport & Industrial Development Properties

CDRPA owns and manages numerous transportation-related and industrial properties and buildings throughout its two-county district including:

- **Pangborn Memorial Airport** – Port owned with land, building and hanger leased sites.
- **Pangborn Airport Business Park** – with multiple land and building leases (also home to the Giga Watt property)
- **Olds Station Business Park** – a 100 acre professional and light industrial business center situated at the crossroads of Highways 2 and 97, with development starting in 1964
- **Confluence Technology Center (CTC)** – a Port owned 90,000 square foot meeting and conference facility used for videoconferences, customized workforce training and emerging information-intensive technology based firms (located at Olds Station) – including leasing of small office spaces both at CTC and CTC South
- **Pybus Public Market and Incubator Space** – opened in a re-purposed 28,000 square foot steel warehouse at the edge of downtown Wenatchee and adjacent to the

Columbia River, currently home to 20 dining and specialty shops, a seasonal farmers market, commercial incubator kitchen, and a 1,950 square foot workspace for startup, expanding and relocated tech firms

- **Cashmere Mill District** – a 32.5 acre former lumber mill subject to environmental cleanup and then redeveloped for light industrial uses with an initial four anchor tenants (including manufacturing and construction firms and distillery) moving into new buildings completed in 2019
- **Lake Chelan Airport** – a 78-acre site co-owned with the City of Chelan and operated by the Port as a Port-operated general aviation airport with on-site services and a master plan currently being updated
- **Mansfield Airport** – a 27-acre unattended airport currently with no on-site businesses
- **Waterville Airport** – a 20-acre Port-owned airport situated one mile from the central business district of Waterville, the county seat of Douglas County.

To summarize, CDRPA has both the capacity and the commitment to see this project through all phases of planning, development and on-going operation. With its fiduciary responsibility to the taxpayers of Chelan and Douglas Counties, the Port is also committed to a financially feasible project generating positive return on investment to the community.

DEVELOPMENT PLAN

Subsequent to completion of this feasibility study, the following **next steps** can be anticipated if CDRPA elects to proceed to carry this project forward to successful adaptive reuse and occupancy:

1. Immediately proceed to weatherize and protect the existing structures
2. Complete more detailed architectural/engineering and cost estimating for building structures and infrastructure together with overall site master planning
3. Refine financial pro formas to assess whether and to what extent value engineering and/or contributed funding will be required to meet established Port investment objectives and assure on-going funding for property maintenance
4. Seek and secure contributed funding as necessary to enable the project to proceed
5. Solicit construction bids and proceed with construction, beginning with a model unit, followed by build-out of structures most finished previously, then continuing either as one combined project or on a phased tenant-driven basis
6. Begin pre-marketing in cooperation with area brokerage and marketing firms and local economic development partners
7. Establish plan for property management
8. Make completed spaces available for tenancy leading to initial move-ins
9. Continue active marketing to normalized occupancy

MARKETING STRATEGY

As funder of this economic feasibility study, CERB asks for “identification of the group responsible for implementing the marketing strategy” on behalf of the affected project area. Also requested is information regarding the organization’s capacity to complete this responsibility.

As outlined, the CDRPA has substantial experience with marketing of industrial properties throughout the Chelan-Douglas region and can be expected to take a lead role in all marketing activities.⁵ While CDRPA has experience with small business development and leasing – as with the Confluence Technology Center and Pybus Tech Incubator – the Port’s greater experience is in working with larger business tenants.

Successful marketing of space to start-up and emerging small businesses may depend more on additional skill sets and networking capacity than has been required for most other CDRPA development projects. Key elements of a marketing strategy can be expected to include some combination of:

- Networking with commercial real estate brokerage firms with demonstrated interest and expertise in leasing to start-up, emerging and minority-owned businesses – including determination of appropriate brokerage/fee arrangements
- Partnering with regional business associations with existing small business expertise and contacts – such as the North Central Washington Economic Development District (NCWEDD) and Our Valley/Our Future, Wenatchee Valley Chamber of Commerce and Small Business Development Center
- Additional outreach to the region’s growing Hispanic/Latino business community to market space availability and also consider proposals for uses of common interest as for a shared commercial kitchen space.
- Supplemental outreach to city and county agencies for assistance with project publicity and referral of potential small business interests
- Retaining a marketing firm to launch initial marketing and messaging in advance of construction completion – with both printed materials and strong social media presence
- Creating an up-front distinctive name and brand identity that will achieve widespread recognition regionally – perhaps something like *Pangborn Maker’s Village* or even possibly keeping the existing name (if available) as with *Giga Watt Central*
- Hiring or retaining a project marketing director who can be on-site in the weeks leading up to space availability and beyond to lease-up

This strategy outline is preliminary and expected to be refined subsequent to feasibility study completion in consultation with the CDRPA project team.

ACTION AGENDA

Proposed for consideration is a relatively rapid-fire, 3-step action agenda. This is intended, in large part, to have site occupancy ready as soon as possible – poised for business readiness as the CDQ region moves to recover from the current pandemic and economic downturn.

This action agenda also assumes reasonably widespread implementation of COVID vaccination by mid-late 2021 and associated reduction of infection rates allowing relatively complete economic re-opening by 2022.

Giga Watt Site ReUse Action Agenda

Action Step	Comments	Time Frame
1) Determine whether & how to proceed with Giga Watt site adaptive reuse	If the determination is to proceed, immediately weatherize existing structures, authorize A/E & infrastructure design with refined cost estimates	This year (by late 2021)
2) Secure project funding & proceed with construction	Includes arrangements for pre-marketing, pre-leasing & project management	Also this year (late 2021 to early 2022)
3) Make building spaces when ready and available for immediate tenant occupancy	Continue active marketing to lease-up, involve business owners in common area management, provide small business support & networking services, encourage expansion as warranted	Next Year (late 2022)

Source: E. D. Hovee. This action agenda chart is preliminary and subject to revision.

If these timing objectives can be met, Giga Watt reuse will come at a time when this small business support is most timely. This expedited schedule is also consistent with more rapid tenant occupancy and space absorption – best meeting CDRPA investment objectives and supporting added investment at the Port’s Pangborn Airport Business Park.

VII. ECONOMIC OUTCOMES

A key component of this feasibility study has involved the formulation of an economic model to quantitatively assess economic and fiscal outcomes of Giga Watt site adaptive reuse for the CDQ region. This assessment is useful for two purposes:

- **Prospectively** to estimate potential economic and fiscal effects in advance of project completion and business occupancy
- As a means to **monitor** actual results to determine whether projected outcomes are achieved and for improved operations over time (as per CERB minimum planning requirements)

This discussion focuses first on direct and economic multiplier effects, followed by fiscal benefits to local and state government and then monitoring of selected outcome metrics.

DIRECT & ECONOMIC MULTIPLIER EFFECTS

Economic metrics of importance to assess economic outcomes are employment, payroll income, and output (or business sales). Estimates can be distinguished between:

- **One-time effects** of project construction and subsequent **on-going** (or annualized) effects of on-going business tenant operations
- **Direct effects** of on-site activities and broader **economic multiplier** impacts of indirect and induced spending throughout the CDQ region⁶

Preliminary estimates of these economic outcomes are provided by the chart on the following page. Two scenarios are illustrated with this initial analysis – for construction subject to prevailing wage as compared to non-prevailing wage commercial construction projects.

One-Time Construction Impacts

Economic effects spread over the duration of construction within the existing site footprints are estimated to include:

- Approximately 75 on-site direct construction **jobs** – with total region-wide economic multiplier effects of 120 jobs including direct, indirect and induced employment
- Direct **payroll** of \$4.0-\$5.6 million at an average construction wage of \$53,800 per year for non-prevailing wage, increasing by 38% with prevailing wage construction – for total economic impact estimated at \$5.6-\$7.7 million
- On-site **project cost** preliminarily estimated at \$8.4 - \$11.6 million with region-wide spending benefit of \$12.6 - \$17.4 million depending on applicability of prevailing wage conditions

Detailed economic impacts are provided by the following chart – illustrating two scenarios depending on applicability of non-prevailing wage or prevailing wage conditions.

Economic Impacts of Giga Watt Site Development

Development Program	Non-Prevailing Wage	Prevailing Wage	Comments
Land Area (Acres)			
Giga Watt Site	7.93		
Potential Development			
Gross Building SF	30,816		Assumes enclosed porches
Cost per SF	\$273	\$376	All-in cost estimate
Development Cost	\$8,426,100	\$11,598,900	Minimum for feasibility
DIRECT & ECONOMIC MULTIPLIER BENEFITS			
Type of Impact	Non-Prevailing Wage	Prevailing Wage	Comments
Construction (One-Time)			
Direct Jobs	75	75	@ 9.1 jobs/million \$ with averaged jobs multiplier
Multiplier	1.60		
CDQ Regional Job Impact	120	120	
Direct Payroll	\$4,035,000	\$5,554,356	@ \$53,800 annual wage of \$53,800 per job, increased 38% for prevailing wage
Multiplier	1.39		
CDQ Regional Payroll	\$5,609,000	\$7,721,000	
Direct Revenues	\$8,426,100	\$11,598,900	Multiplier covers CDQ impact over duration of construction
Multiplier	1.50		
CDQ Region Business Sales	\$12,639,000	\$17,398,000	
Operations (Annual)			
Direct Jobs	75	75	Direct jobs are on-site as of build-out, mulplier for county-wide impact
Multiplier	1.50		
CDQ Regional Job Impact	115	115	
Direct Payroll	\$3,396,000	\$3,396,000	@ average annual wage of \$45,280 per targeted on-site job
Multiplier	1.42		
CDQ Regional Payroll	\$4,822,000	\$4,822,000	
Direct Revenues	\$13,125,000	\$13,125,000	@ average annual sales of \$175,000 per targeted on-site job
Multiplier	1.45		
CDQ Region Business Sales	\$19,031,000	\$19,031,000	

Source: E. D. Hovee. Impact estimates are preliminary and rounded, for illustrative purposes and subject to refinement with construction cost estimates and other revisions subsequent to this feasibility report.

On-going Annualized Operating Impacts

On a preliminary basis, on-going operating impacts based on full tenant occupancy with fully enclosed space averaging 1,233 square feet of rentable area per building are estimated as including:

- Direct on-site and on-going employment of an estimated 75 jobs, increased to 115 jobs region-wide with economic multiplier effects included.
- On-going direct annual payroll of \$3.4 million with a composite average wage estimated at \$45,280 for job sectors targeted, increased to \$4.8 million total labor compensation with regional economic multiplier impacts included.⁷
- On-site business revenues estimated at \$13.1 million per year for targeted business tenants reflecting business sales volume averaging \$175,000 per employee, increased to a regional spending impact of \$19.0 million per year with economic multiplier impacts included.

FISCAL BENEFITS

Fiscal benefits of potential significance to state and local taxing jurisdictions are shaped by recognition of the Giga Watt property as a publicly owned asset.

Primary Net Revenue Sources

Key sources of local and state revenue resulting from project construction and on-going operation can be distinguished between one-time construction-related and subsequent on-going impacts associated with on-site business operations.

One-Time Construction Related Revenues:

- The primary source of tax revenue on construction value is **sales and use tax** – collected at the sales tax rate of 8.3% as applicable to the subject site in unincorporated Douglas County. This rate includes 6.5% to the state of Washington, 1.3% to Douglas County (including for criminal justice purposes) and 0.5% to Link Transit (a rate that will increase by 0.1% in 2022), boosting the overall sales tax rate on construction to 8.4%.
- **Real estate excise tax** that is collected at time of property sales is not applicable as the Giga Watt site is in public ownership and expected to remain so over the life of the planned real estate investment.

On-Going Taxes from Tenant Business Operations:

- As a publicly owned property, the Giga Watt site is exempt from property tax but is subject to payment of **leasehold tax** at a rate of 12.84% on annual lease payments. This tax is allocated 6.84% to the State of Washington and 6.00% to Douglas County (including other taxing jurisdictions).

- Business tenants are subject to payment of business and occupation (B&O) taxes at rates specific to the type of business; however, Douglas County does not levy a local B&O tax so B&O revenues are not estimated with this feasibility report. State and local **sales and use tax** on business operations is applicable depending on the type of business at the same 8.3% rate (moving to 8.4% next year) as charged on construction. Typically, a low proportion of industrial and office-related business activity is subject to sales tax. For general retail, taxable sales statewide can range from less than 50% of grocery to about 90% of dining related sales. Assuming a relatively low proportion of dining and retail related activity, it is assumed that perhaps 15% of business revenue might be subject to retail sales tax across a mix of employment focused small business uses.

There are a variety of other permitting and impact fees that may be applicable to development of and business operations on the subject site. These charges are generally based on cost of service, typically do not generate significant net added fiscal benefit to the governmental service provider and so are not explicitly covered by this analysis.

Estimated State/Local Tax Benefits of Giga Watt Site Development

As shown by the chart on the following page, **one-time construction-related tax benefits** of Giga Watt site development are estimated to range between about \$444,000 - \$649,000 of sales tax revenue with development in the existing 25-pod footprints – received over the duration of construction.

The high end of the estimate is associated with prevailing wage construction. The low end reflects commercial construction wages without prevailing wage.

Subsequent **on-going tax benefits** are estimated to range between about \$202,000 - \$208,000 per year, depending on whether a moderate or low rent structure is applied to the full development. This is in addition to building lease income estimated to range between about \$283,000 - \$333,000 per year at normalized occupancy – with the range reflecting alternative rental rate assumptions.

Sources of on-going tax revenues include the leasehold tax on private use of public property and sales tax on those goods/services subject to sales tax. This is in addition to direct lease revenues received by CDRPA from on-site businesses

Also shown as a final set of calculations is the net present value of taxes on one-time construction and on-going business operations over a 20-year time horizon. The range is from about \$2.35 to \$2.65 million in tax revenues over 20 years, discounted at an assumed uninflated rate of 3% per year.

The state of Washington is the primary tax revenue beneficiary, accounting for a majority of one-time and on-going tax receipts. Local jurisdictions are projected to receive 23% of one-time and 28% of on-going revenues.

Direct Tax Effects of Giga Watt Site Construction & Operations

Type of Impact	Non-Prevailing Wage	Prevailing Wage	Comments
One-Time Construction Revenues			
Value of Construction	\$5,288,000	\$7,728,600	Portion subject to sales tax
Sales Tax Rate	8.4%		State rate 6.5%/local 1.9%
Total One-Time Revenues	\$444,000	\$649,000	To project buildout
Annual Revenues			
Annual Lease Income			Per pro forma after vacancy
Moderate Rent	\$332,820	\$332,820	
Low Rent	\$282,870	\$282,870	
Leasehold Tax Rate	12.84%		6.84% to state/6.0% local
<i>Total Leasehold Tax</i>			Rounded to nearest \$100
<i>Moderate Rent</i>	<i>\$42,700</i>	<i>\$42,700</i>	
<i>Low Rent</i>	<i>\$36,300</i>	<i>\$36,300</i>	
Gross Business Volume	\$13,125,000	\$13,125,000	
% Subject to Sales Tax	15%		Varies per business mix
Revenue Subject to Sales Tax	\$1,968,750	\$1,968,750	
Sales Tax Rate	8.4%		State rate 6.5%/local 1.9%
<i>Total Sales Tax Revenue</i>	<i>\$165,400</i>	<i>\$165,400</i>	Rounded to nearest \$100
Total Annual Tax Revenues			
Moderate Rent	\$208,100	\$208,100	
Low Rent	\$201,700	\$201,700	
Discount Rate	3.00%		Inflation free rate
NPV - 20 Years			Rounded to nearest \$1,000
Moderate Rent	\$2,652,000	\$2,447,000	
Low Rent	\$2,557,000	\$2,352,000	

Source: E. D. Hovee as consistent with local jurisdiction tax rates.

TRACKING OUTCOMES

Monitoring progress toward planned outcomes is important for compliance with CERB funding requirements. Outcome measures also are useful to track for CDRPA and project partners. If performance (on a cumulative basis) is below expectations, policy and incentive options that might be useful for improving performance can be considered and implemented.

Outcome Metrics

Key metrics for tracking performance of this site reuse and small business development project are proposed to include:

- Building space square footage put in service
- Lease-up period to normalized occupancy target

- Number and mix of businesses (including identification of B2B synergies)
- Lease revenues (and associated leasehold tax revenues generated)
- Inclusivity and social equity (encompassing minority and women-owned businesses)
- Employment (both sole proprietors and W-2 employees)
- Employee compensation (both sole proprietors and W-2 employees)

Data compilation is proposed to occur consistent with agency reporting cycles on an annual basis up through the time of full (or normalized) occupancy.

Data Compilation & Reporting

The first four items listed above (building space, lease-up status, business mix and lease revenues) should be readily compiled in the normal course of CDRPA business.

Compiling data on inclusivity/social equity, employment and compensation may be more challenging due to:

- The likely substantial number of sole proprietors/LLCs (with income often reported only as business net profit on Schedule C of IRS returns) as well as for employees with W-2 wage income
- Need to assure that business-specific data obtained remains confidential without attribution to individual firms
- Resulting challenges of income reporting compliance and verification

Because CERB reporting is for a median rather than average hourly wage with verification that the overall median exceeds the Douglas County median, a simplified self-reporting process is proposed for each business occupant. This self-reporting could also include information regarding racial/ethnic and gender characteristics of business ownership.

Regarding wages, the business owner could be asked to indicate the number of on-site employees/owners paid at above versus below the county median hourly wage rate. The head count of those above or below the median could then be tallied across all business occupants. If the number of employees/owners compensated at above the County median wage rate exceed the number below, this should be consistent with the intent of CERB compliance.

Data compilation and reporting is proposed to occur no more frequently than annually and for a time duration through project completion and normalized occupancy. In the event of CERB capital funding, CDRPA would be prepared to establish protocols on a basis as mutually agreed between CERB and CDRPA.

APPENDIX A. PREPARER PROFILES

This adaptive reuse feasibility study for the former Giga Watt site has been prepared for the Chelan Douglas Regional Port Authority (CDRPA) by E. D. Hovee & Company, LLC in cooperation with Forte Architects and RH2 Engineering, Inc – briefly profiled for each firm as follows.

E. D. Hovee & Company, LLC

Since 1984, E. D. Hovee has provided economic and development consulting services across a diverse range of public agency, non-profit and private clients – primarily in the Pacific Northwest states of Washington and Oregon.

As a specialized professional consulting practice, the firm’s focus is on assessing market and financial feasibility, economic impacts and business development strategies for major public and private capital investment projects. E. D. Hovee has extensive experience with projects in the CDQ region – with clients including the Port of Chelan (prior to merger), Port of Quincy, City of Wenatchee and North Central Washington Economic Development District (NCWEDD).

EDH has completed a range of economic feasibility studies addressing CERB requirements:

- CERB/LIFT tax benefits analysis for a regional retail center and business park in proximity to I-5 and NE 179th Street in Clark County on behalf of the commercial developer.
- Subsequent CERB feasibility study for a greater study area including the County Fairgrounds served by the I-5/NE 179th Street interchange in Clark County.
- Port Townsend’s Howard Street Corridor economic feasibility for a \$7 million street and utility extension (with \$1.5 million funded by CERB) – providing the first fully-served, shovel-ready industrial land in Port Townsend as a work district marketed to both entrepreneurial and established firms as a place where “we speak craft.”
- Lead consultant for the 55-acre Bell Creek Economic Opportunity Area in Sequim on the Olympic Peninsula in Clallam County.
- Economic subconsultant for the 4,000-acre Arlington-Marysville Manufacturing Industrial Center in Snohomish County.
- Skagit Manufacturing Feasibility study – leading to the successful marketing and reuse of a former steel manufacturing firm in Sedro-Woolley for industrial incubator space.
- Health care industry assessment for the Lake Chelan valley area in north central Washington – both with and without a new hospital facility.
- Feasibility study leading to Public Works Trust Funding of sewer improvements to serve industrial and commercial development on Tennant Way in Longview.
- Economic feasibility study leading to CERB funding for infrastructure to serve a 42-acre business park in Skamania County.

Forte Architects

Forte Architects is a full-service firm offering Architectural, Planning, and Interior Design services – including Initial Programming, Schematic Design, Design Development, Construction Documents, Bidding Assistance, and Construction Contract Administration. In addition, the firm offers Educational Specification (Ed Specs) preparation, coordination with Washington State SPI, Interior Design services, As-built drawing production, LEED accreditation assistance, and assistance with preparation of bond materials. The firm operates with a number of specialty consultants that round out its core team.

Forte Architects has a staff of ten full time employees. The staff consists of two Principals, Tom Bassett and Lenka Slapnicka who established the firm in 2006; as of 2020, Ellyn Freed and Kristofer Larson have joined as Principals; five architects one of which is also an interior designer; an administrative assistant; and an office assistant.

In addition to its in-house team, Forte Architects is also augmented by a team of specialty consultants – all of whom are experts in their field due to the quality of their work displayed throughout current and previous collaborations.

Forte Architects is responsible for review of site conditions, conceptualization of reuse and development options, and cost estimating for the *Giga Watt Site Adaptive Reuse Feasibility Study*. Lenka Slapnicka has served as project manager in conjunction with Principal Ellyn Freed.

RH2 Engineering

RH2 Engineering, Inc. was founded in 1978 with the focus on quality, to partner with public utilities and municipalities with the common goal of helping communities plan, operate, and optimize their current infrastructure and proactively plan for future needs. RH2 partners with its clients to deliver superior and sustainable customized engineering solutions that exceed expectations while maintaining the utmost in customer service, efficacy, and excellence.

Over the years, RH2 has expanded into a Pacific Northwest-wide engineering consulting firm with eight offices through Washington and Oregon – including East Wenatchee. With over 100 professionals, RH2 is well-equipped to handle projects of a wide variety. With cutting edge technology built into each office, the firm works seamlessly with its employees across multiple offices. With over 43 years of experience, RH2 has upheld a stringent level of quality that brings value and confidence to its clients. The firm's breadth of in-house expertise and QA/QC program, coupled with 3D designs, continues to deliver the quality that RH2 is known for, within budget and on schedule.

RH2 finds this approach leads to tight bid spreads and minimal change orders for its facility and infrastructure design projects and brings an advantageous level of detail to project evaluations, assessments, and planning endeavors.

Erik Howe, PE is branch manager of the East Wenatchee office and has been responsible for the site and infrastructure assessment portions of this adaptive reuse feasibility study.

APPENDIX B. CERB REQUIREMENTS

Per CERB, the planning study must contain the following minimum requirements:

- a. A product market analysis linked to economic development.
- b. A market strategy containing action elements linked to timelines.
- c. Identification of targeted industries.
- d. Identification of the group responsible for implementing the marketing strategy. Describe the group's capacity to complete the responsibility.
- e. The site's appropriateness by addressing, at minimum, appropriate zoning, affect to the state or local transportation system, environmental restrictions, cultural resource review, and the site's overall adequacy to support the anticipated development upon project completion.
- f. A location analysis of other adequately served vacant industrial land.
- g. Total funding for the public facilities improvements is secured or will be secured within a given time frame.
- h. An analysis of how the project will assist local economic diversification efforts.
- i. Indicate the specific issues that will be addressed.
- j. List one or more economic outcomes that you expect from the proposed CERB project.
- k. Describe the specific, quantifiable measures of the outcome(s) that will indicate success. Describe in measurable terms what you expect to be able to show as progress toward the outcome for each year before the whole outcome has been achieved.
- l. Describe what data you will collect to determine whether the outcome is being achieved.
- m. Describe the data collection procedure including when data will be collected, from whom and by whom.
- n. The estimated median hourly wage of the jobs created when development occurs.
- o. If the project is determined to be feasible, the following information must be provided within the final report:
 1. Total estimated jobs created (in FTEs).
 2. Describe benefits offered to employees.
 3. Describe the median hourly wage of the new jobs in relation to the median hourly county wage.
 4. The county three-year unemployment rate in relation to the state rate.
 5. County population change in the last five years.
 6. The estimated jobs created represent what percentage of the county's labor force.
 7. The estimated jobs created represent what percentage of the county's unemployed workers.
 8. Estimated new annual state and local revenue generated by the private business.
 9. Estimated private investment generated by project.

APPENDIX C. SUPPLEMENTAL MATERIAL

Median Hourly Wage & Distressed County Designation (2018)

Adams*	\$16.13	Grays Harbor*	\$18.39	Pierce	\$22.38
Asotin	\$18.89	Island	\$19.04	San Juan	\$21.51
Benton	\$22.55	Jefferson*	\$19.35	Skagit*	\$21.44
Chelan	\$16.83	King	\$32.47	Skamania*	\$17.59
Clallam*	\$17.79	Kitsap	\$20.23	Snohomish	\$25.46
Clark	\$22.12	Kittitas	\$17.75	Spokane	\$20.46
Columbia*	\$18.85	Klickitat*	\$21.51	Stevens*	\$19.34
Cowlitz*	\$22.72	Lewis*	\$20.45	Thurston	\$21.02
Douglas*	\$16.50	Lincoln	\$19.71	Wahkiakum*	\$21.03
Ferry*	\$18.21	Mason*	\$17.77	Walla Walla	\$18.32
Franklin*	\$17.23	Okanogan*	\$15.03	Whatcom	\$21.05
Garfield	\$18.60	Pacific*	\$17.20	Whitman	\$19.90
Grant*	\$17.16	Pend Oreille*	\$24.77	Yakima*	\$16.16

Source: Washington Employment Security Department, Labor Market & Economic Analysis Branch, Vancouver Office. 2019.
*Identifies Distressed Counties (2018)

Updated 1-2020

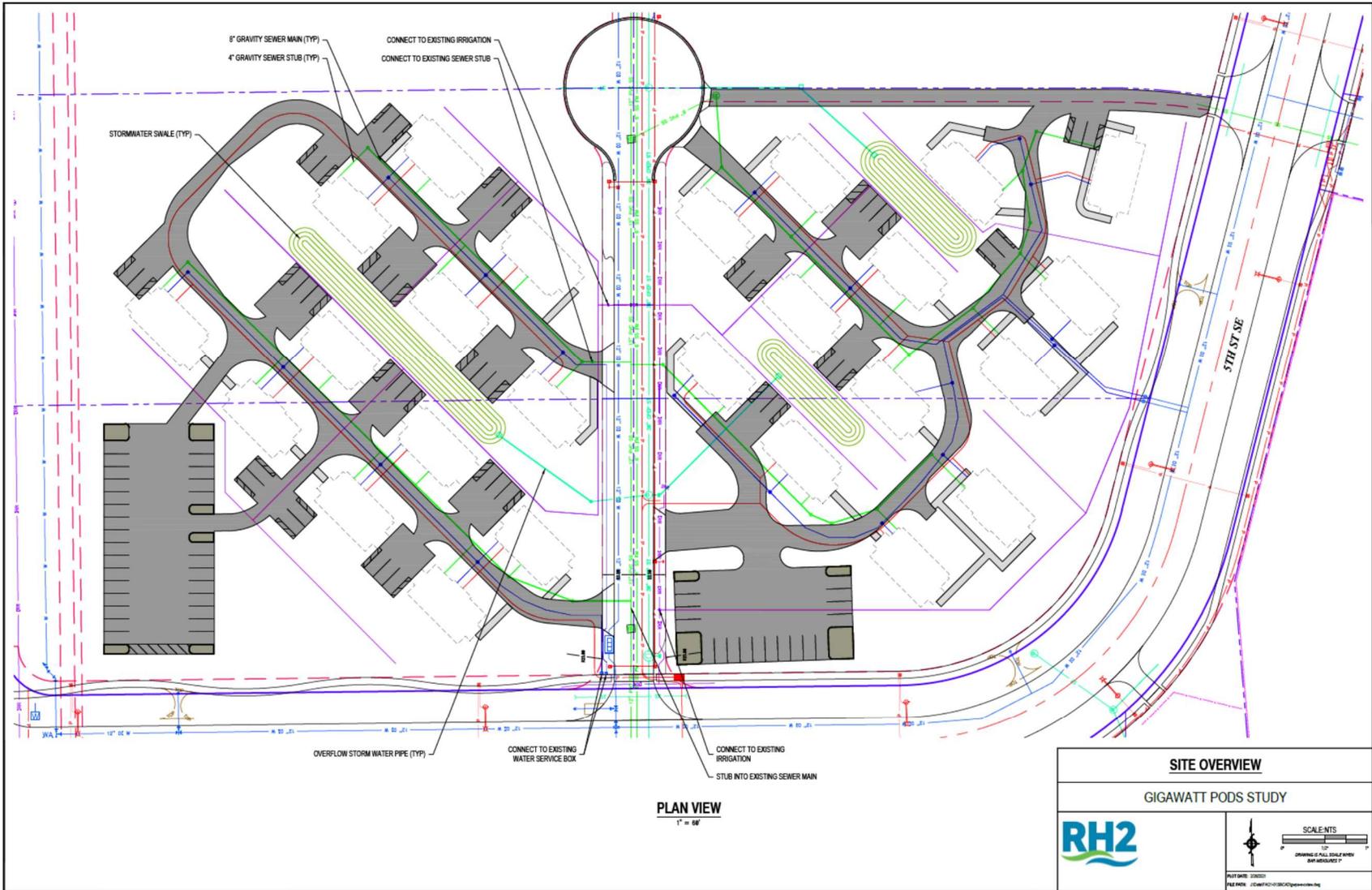
Employment & Payroll Trends for the Chelan Douglas Quincy Region (2010-19)

Employment Classification		CDQ Region (2019)				% Change (2010-19)			
NAICS	Industry Sector	# of Firms	# of Jobs	Jobs/ Firm	Annual Wage	# of Firms	# of Jobs	Jobs/ Firm	Annual Wage
EDH ADJUSTED CATEGORIES									
11	Agricultural/Forestry	965	15,190	15.7	\$29,400	-8%	10%	20%	56%
23	Construction	650	3,000	4.6	\$53,800	21%	67%	37%	38%
31-33	Manufacturing	210	3,070	14.6	\$47,500	24%	14%	-8%	3%
42	Wholesale Trade	165	3,090	18.7	\$54,300	3%	29%	25%	34%
44-45	Retail Trade	410	6,370	15.5	\$31,200	-5%	10%	15%	24%
48-49	Transportation	110	1,030	9.4	\$43,600	5%	-14%	-18%	34%
51	Information	55	600	10.9	\$50,500	83%	0%	-45%	28%
52-53	FIRE	275	1,770	6.4	\$45,900	10%	26%	15%	25%
54	Professional Services	250	1,230	4.9	\$56,300	25%	12%	-11%	34%
62	Healthcare & Social	750	7,530	10.0	\$60,200	200%	32%	-56%	25%
71	Arts, Entertain, Recreate	75	890	11.9	\$19,900	0%	-1%	-1%	23%
72	Lodging & Dining	395	6,050	15.3	\$22,300	22%	38%	13%	51%
56, 81	Other Services	485	2,640	5.4	\$32,100	-54%	10%	140%	66%
GOV	Government	165	9,450	57.3	\$58,900	0%	9%	9%	28%
21,22,55,61,NEC	Other Employment	130	1,160	8.9	\$20,600	44%	66%	15%	-2%
TOT	Total Employment	5,090	63,070	12.4	\$41,500	4%	18%	13%	33%

* Note: All estimates are rounded.

Source: Washington State Employment Security Department QCEW and E. D. Hovee (with allocations for Quincy CCD portion of Grant County).

Giga Watt Pods Study Site Plan



END NOTES

- ¹ Information for this economic feasibility study has been obtained from sources deemed to be reliable. Data for this assessment was compiled over the late 2020 to early 2021 time period.

The accuracy of information from third party sources is not guaranteed and is subject to change without notice. Observations and findings of this report are those of the authors and should not be construed as the opinion of any other party prior to their express approval, whether in whole or part.
- ² Provision of the Douglas County zoning code specific to the Pangborn Airport Business Park can be found at Chapter 18.60 I-G General Industrial District, also Chapter 18.65 AP-O Airport Overlay District.
- ³ Commercial real estate brokers interviewed by phone were Brad Allen (Sage Real Estate Services), Jolene Baker (Coldwell Banker Lake Chelan Properties), and Chaun Birks (Center Investments).
- ⁴ Being prepared in tandem with but separate from this feasibility study is a separate design document incorporating the detailed preliminary design and cost analyses of Forte Architect and RH2 Engineering, Inc.
- ⁵ Further information regarding similar marketing experience can be found at the CDRPA web site: <https://www.cdrpa.org/regional-port-authority-properties-facilities>
- ⁶ Indirect effects occur as on-site businesses make purchases from other firms in the CDQ region. Induced effects occur as on-site employees make household purchases from business located in the CDQ region.
- ⁷ The average wage for those employed with business tenants across 25 Giga Watt pod buildings is estimated from the wages of job sectors anticipated for building occupancy – weighted based on the relative employment of each sector targeted.