



ONEkitsap

5 Year Strategic Plan

**Economic Impact Analysis
Returns on Investment
2024 - 2028**

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Notice: IMPLAN® and Other 2021 Data

2021 data from IMPLAN® is now available and used in this analysis. It is the latest data available because data collecting agencies, like the US Census, publish data that lag the calendar by one year. COVID-19 affected 2020 and 2021 data, and while many, including NCDS, used 2019 data instead of 2020, the new 2021 data should be used because it captures trade flows for a “new normal” economy, and includes other important: updates, estimates, and adjustments. During 2020 COVID-19 changed: income data, commuting patterns, rents, travel, entertainment, personal services and more. While some spending fell; home building, groceries and non-store retail spending went up. International trade in exports and imports fell and the savings rate went way up. Now, many of these changes have reversed, but some are being accepted as a “new normal”. Non-store retailing is a great example of big increases due to COVID-19 that appear to be continuing as a “new normal”.

Introduction

This analysis computes the impacts of the Kitsap Economic Development Alliance’s new ONEkitsap strategic plan to create and retain 2,500 jobs during the next 5 years. ONEkitsap is a public/private partnership that will take on a number of economic and community development initiatives from 2024 through 2028. The plan includes marketing and recruiting, directed at 5 target industries that can benefit from Kitsap County’s advantages for companies in these industries.

Economic impacts were computed by an Input/Output, I/O model created for Kitsap County. The model is based on data from IMPLAN®, the most widely used system in the USA to compute impacts. The model is based on 2021 data (see notice on “Contents” page). IMPLAN® data has 546 possible sectors. The model created for Kitsap County has 279 sectors. After entering jobs by sector as inputs, 262 sectors were impacted. Data in this analysis was updated to latest available.

Economic impacts include “direct, indirect, and induced” impacts. The “direct” impact is the jobs created, or retained. “Indirect” impacts come from the purchase of goods and services, business-to-business. As all those impacted from new and retained jobs spend their earnings, there are more “induced” impacts.

Economic impacts are measured by: jobs, income, value added, and output (total business activity). Impacts also include; spending, savings, taxes, and return on investment for both public and private investors. **Table 1** summarizes projected total economic impacts in 2023 dollars from ONEkitsap projects that will create and retain jobs.

**Table 1: ONEkitsap
Total Economic Impact**

Impact Measure	Total Impact
Jobs	3,974
Income	\$303,259,041
Value Added	\$468,172,964
Output	\$838,110,242
Disposable Income	\$258,679,962
Consumer Spending	\$249,108,803
Savings Deposit Potential	\$9,571,159
Kitsap County Tax Revenue	\$3,419,481
Kitsap County - Municipalities Tax Revenue	\$2,225,152
Kitsap County - Special Taxing Districts Tax Revenue	\$5,812,156
State of Washington Tax Revenue	\$17,196,057
Kitsap County Return on Investment ROI	\$6.01 : \$1.00
Kitsap County Municipalities ROI	\$2.11: \$1.00
Private Sector ROI	\$40.07 : \$1.00

Source: NCDS, Economic Stratey Center I/O model for Kitsap County, Washington.

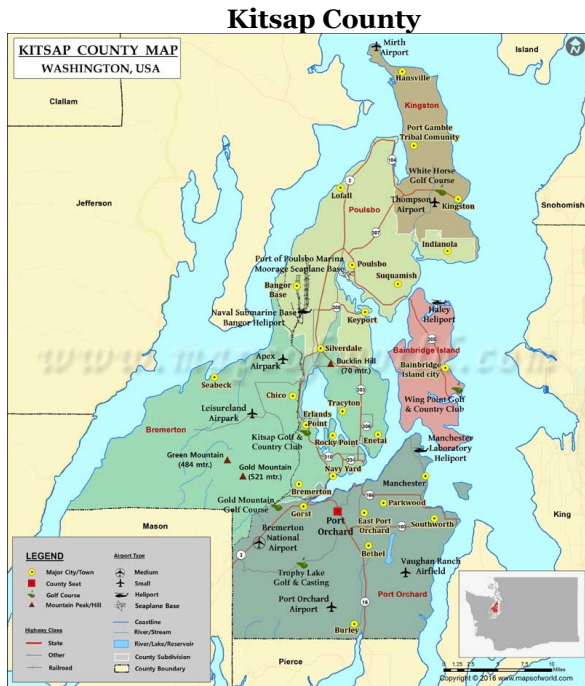
Executive Summary

- Returns on investments in ONEkitsap will be very positive. In 2023 dollars, 5 years of steady growth in jobs will return \$40.07 to the business community in average corporate profits for every \$1.00 invested. For every \$1.00 invested by Kitsap County, \$6.01 will be returned in the form of new tax revenue, and Kitsap County municipalities will receive \$2.11 for every \$1.00 invested.
- In 2023 dollars, Kitsap County will receive \$3,419,481 in taxes, while its' municipalities will receive \$2,225,152. Special tax districts will receive \$5,812,156. While Kitsap County and its' taxing units will receive a total of \$11,456,789 in taxes, the federal government will receive the most, with \$61,151,207 in taxes primarily from social security and income taxes.
- Kitsap County plays a significant role in the “South Sound” economy which is part of the Seattle-Tacoma-Bremerton Combined Statistical Area. Kitsap and the three adjacent counties of Pierce, Thurston and Mason define the “South Sound economy. Kitsap has 17.7% of the South Sound population and 14.7% of this region’s employment. While direct impacts from jobs and spending will occur in Kitsap County, these direct impacts will create indirect and induced impacts in Pierce, Thurston, and Mason counties. The South Sound area is unique when considering impacts because ferry service to; King, Snohomish and Island Counties, allows some small amounts of indirect and induced impacts to occur in these “non-adjacent” counties.
- The ripple effect of new jobs is computed based on multipliers. These multipliers show the impact of sales, income, spending and saving, which in turn increase the employment and earnings of other business sectors. The goal of 2,500 direct jobs will create income of \$223.0 million, value added of \$326.7 million and new output of \$589.0 million. These are the initial and “direct” impacts. Then as indirect impacts accumulate through business-to-business purchasing, and all those affected spend new income (induced impacts), the initial impacts will multiply to create; 3,974 jobs, a multiplier of 1.59 and \$303.3 million of income, a multiplier of 1.36. Value added will multiply by 1.43 to total \$468.2 million, and output (total business) by 1.42 to total \$838.1 million.
- Total income of \$303,259,041 from jobs will create disposable income, spending and savings. In 2023 dollars, total income after taxes will create disposable income of \$258,679,962. Disposable income will create \$249,108,803 in consumer spending and \$9,571,159 in savings deposit potential.
- The projected impact of jobs will increase consumer expenditures in the Kitsap County area, a benefit to all businesses. Housing with \$87.7 million in spending leads the list of 10 major spending categories, followed by transportation and food. Personal insurance and pensions, health care, entertainment, and cash contributions are in the middle. Apparel and services, education and personal care complete the list of spending categories.
- ONEKitsap projects will create \$838,110,242 in total output, which is “business activity”. Real estate, with \$23.1 million in new output leads the list of the “Top 10” sectors with new output, followed by owner-occupied housing, with \$22.8 million in new output. Employment services, banks and credit unions, and the Kitsap Public Utility District (drinking water, wastewater, and fiber internet) round out the top 5. Full-service restaurants rank 6th in total output, followed by limited-service restaurants (fast food), accounting services, and architectural and engineering services. Hospitals round out the “Top 10”. See **Appendix IV** for a complete list.

Economic Impact Analysis

A. Kitsap County and the Metropolitan Area

The Kitsap Economic Development Alliance is launching “ONEkitsap”, a five-year strategic economic development initiative. It is a public/private partnership that includes: private employers, the county and its’ municipalities, neighboring counties, Tribal Nations, Olympic College campuses, university partners, the K-12 system, Port of Bremerton, industrial parks, developers, builders, Chambers of Commerce, and Community nonprofits. This Economic Impact Analysis computes the projected impacts of ONEkitsap.



Kitsap County has a population of 277,673 as of 2022. Its’ county seat is Port Orchard, and its’ largest city is Bremerton. Kitsap residents and visitors enjoy 234 miles of scenic saltwater coastline, a diverse set of communities, access to transportation, and a county-wide, high-speed fiber optic network.

The United States Navy is by far the largest employer in the county with 36,978 civilian, active duty and contract employees. Installations are Puget Sound Naval Shipyard, Naval Undersea Warfare Center Keyport, and Naval Base Kitsap.

Naval Base Kitsap



Kitsap County is connected to the eastern shore of Puget Sound by Washington State Ferry routes and Kitsap Transit.

Kitsap Ferry

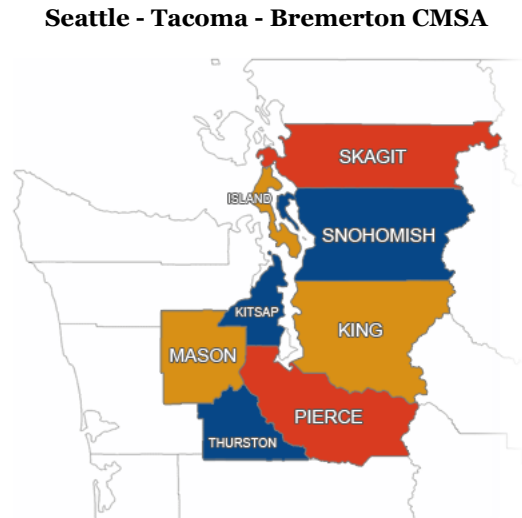


Employment increases in Kitsap County are the direct impacts that generate additional indirect (business to business) and induced employment, income and business activity. A central question is, *where will these impacts occur?* Neighboring counties will receive some indirect and induced impacts, and demographics are good indicators of how impacts will be distributed.

Seattle and King County is the population and commercial center of the 3-county Seattle-Tacoma-Bellevue MSA which, in addition to King County, includes the adjacent counties of Snohomish and Pierce. This MSA is part of a larger CMSA (see map on right).

Kitsap County plays a significant role in the “South Sound” economy. Based on commuting patterns, the metropolitan areas of Olympia, Bremerton and Mount Vernon, along with a few smaller urban areas are grouped together in a wider labor market region known as the Seattle-Tacoma-Bremerton Combined Statistical Area, which adds the Counties of: Pierce, Thurston, Mason, Kitsap and Skagit (see map).

Kitsap and the three adjacent counties of Pierce, Thurston and Mason define the “South Sound economy (see **Table 2**).



**Table 2: South Sound Area Counties
Population & Employment**

County	Population Estimates July 1, 2022	% of Population	Employment 2020	% of Employment
Kitsap	277,673	17.7%	63,101	14.7%
Mason	68,166	4.3%	9,589	2.2%
Pierce	927,380	59.0%	279,552	65.2%
Thurston	298,758	19.0%	76,890	17.9%
Total	1,571,977	100.0%	429,132	100.0%

Source: U.S. Census. Employment in 2020 does not include proprietors and partners of unincorporated businesses.

Concentrations of employment define commercial centers where there is relatively more consumer spending. Pierce County, including Tacoma, is the employment center of the South Sound with 59.0% of the population, and has an even greater share of employment which is 65.2% of the total. But, Kitsap has 17.7% of the South Sound population and 14.7% of this region’s employment.

While direct impacts from jobs and spending will occur in Kitsap County, these direct impacts will create indirect and induced impacts in Pierce, Thurston, and Mason counties.

The South Sound area is unique when considering impacts because ferry service to; King, Snohomish and Island Counties, allows for some indirect and induced impacts to occur in these “non-adjacent” counties.

Within Kitsap County, indirect and induced impacts will tend to be clustered in the County’s four cities: Bainbridge Island, Bremerton, Port Orchard, and Poulsbo. **Table 3** shows how these four cities rank by population and retail sales.

The City of Bremerton is a major commercial center that ranks 1st in both population and retail sales among the four cities. Bainbridge Island ranks 2nd in Population but 4th in retail sales, so this City is more residential than commercial. The City of Port Orchard, the County Seat, ranks 2nd in retail sales, but 3rd in population, so this city is relatively more commercial than residential. Finally, the City of Poulsbo also has relatively more commercial activity and ranks 3rd in retail sales. Poulsbo ranks 4th in population.

Other significant municipalities that are not cities include: Gorst, Kingston, Seabeck, Southworth, and Silverdale. These municipalities and the four cities are shown on the map to the right.

While indirect and induced impacts tend to occur in commercial areas, direct impacts from jobs are more likely to occur in one of the County’s ten industrial parks. These industrial parks are also shown on the map to the right.

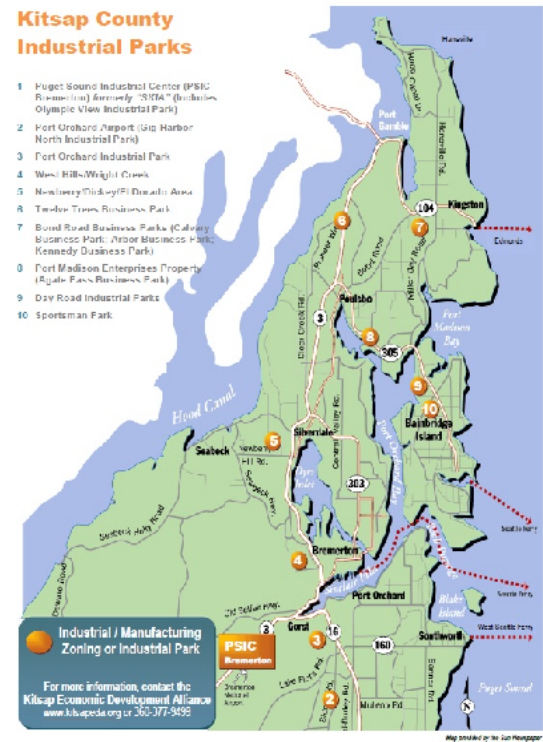


Table 3: Kitsap County Cities Population & Employment

City	Population Estimates July 1, 2021	Rank by Population	Retail Sales 2017 (\$1,000)	Rank by Retail Sales
Bainbridge Island*	24,546	2	\$193,870	4
Bremerton*	44,122	1	\$832,068	1
Port Orchard* (County Seat)	15,979	3	\$557,967	2
Poulsbo*	11,891	4	\$378,834	3

Source: U.S. Census.

B. The Input/Output Model

This analysis quantifies the projected economic impacts of ONEkitsap. Work by the Kitsap Economic Development Alliance helps companies create and retain jobs. Employment increases in certain sectors are the direct impacts (inputs) that generate additional indirect and induced employment, income and output (business activity) in many other sectors.

An Input/Output model was created for Kitsap County that computes sector-to-sector trade flows. Socio-economic data was assembled to create the “*Kitsap County Input/Output Model*”, in other words, the “Input/Output” or I/O model summarized in **Table 4**. The model in **Table 4** is based on 2021 data for IMPLAN® released in December 2022. IMPLAN® is the most widely used system to compute impacts.

IMPLAN® is the most popular system to compute impacts because it has major advantages over the other two economic impact models, RIMS II and REMI. Compared to IMPLAN®, REMI is expensive and too complex for many applications, because it adds econometric modeling techniques and forecasting to basic Input/Output models. RIMS II compared to IMPLAN®, also has several disadvantages. RIMS II does not show a breakdown of impacts by industry, and it does not include information needed to estimate tax impacts on; counties, municipalities, special tax districts, or state and federal government. In addition, RIMS II does not allow for multi-regional modeling.

This analysis incorporates revisions of IMPLAN® to increase industry details and incorporate newly released data. It also incorporates revisions to the National Income and Product Accounts, and new data from the Census Bureau. The IMPLAN® system has 546 sectors.

**Table 4: Kitsap County Input/Output Model
- Data Summary -**

Model Year¹	2021
Gross Regional Product²	\$14,181,827,964
Total Output³	\$20,931,424,165
Total Personal Income	\$18,144,716,334
Total Employment⁴	125,692
Total Possible Sectors	546
Number of Sectors in Model	279
Number of Sectors with New Output	262
Land Area (square miles)	396
Population⁵	274,314
Total Households	109,501

Source: NCDS, Economic Strategy Center. MIG, Inc., IMPLAN®.

- Note:
- 1) Data released December 2022 for model year 2021.
 - 2) Gross domestic product is the market value of the goods and services produced by labor and property located in the county.
 - 3) Output measures the value of all sales of goods and services, therefore it is the sum of final purchases and intermediate inputs, which results in the double counting of intermediate purchases. Output is the only way to measure impacts on all businesses, including suppliers to “original equipment makers” OEMs. Output is always larger than gross regional product.
 - 4) There are two reasons why IMPLAN® employment numbers are much higher than Census numbers (see Table 4): First, IMPLAN® employment numbers represent both wage and salary employees, and proprietors. Second, IMPLAN® employment is an annual roll-up of full-time, part-time, and temporary employees.
 - 5) Kitsap County has a population of 277,673 as of 2022.

Employment increases in certain sectors are the direct impacts (inputs) that generate additional indirect and induced employment, income and business activity in many other sectors. Economic impacts are measured by: jobs, income, value added, and output. Income includes both wage and salary income from direct and indirect jobs, and proprietor income to those owners and self employed persons affected by indirect and induced spending. Value added includes labor income and indirect business taxes, like sales taxes. Value added also includes other income, such as rent. **Output*** is the total of value added (e.g. labor) and the value of all goods used in production.

Output measures the value of all sales of goods and services at every level. Therefore it is the sum of final purchases and intermediate inputs. This results in the double counting of intermediate purchases, e.g. suppliers for “original equipment makers” OEMs, which is correct when describing every business transaction, but it is different than “Gross Regional Product”. **Gross Regional Product is the final market value of the goods and services produced by labor and property, without the intermediate sales. Output is always more than gross regional product (see **Table 4**).*

Impacts also include spending and savings from disposable income, and new federal, state and local taxes. The model computed total new output for 262 of 279 sectors in the model. Sectors in the model are defined by groups of NAICS codes, the *North American Industry Classification System*. The I/O model contains all the linkages (trade flows) in the economy.

C. Planning for Success

The Kitsap Economic Development Alliance is planning to help companies create and retain 2,500 jobs, and will concentrate marketing and recruiting on 5 “Target Industries” shown in **Table 5**.

**Table 5: ONEkitsap
Target Industries & Jobs Goals**

	Target Industry	Description	Job Goals	% of Total
1	<i>Marine/Boat Building</i>	Boat building and repair	440	15%
2	<i>Defense</i>	Search, detection, navigation instruments, aircraft, parts and equipment, and transportation equipment	560	25%
3	<i>Light Manufacturing</i>	Machine shops, metal coating, electronics	440	15%
4	<i>Technology</i>	Data processing, hosting, computer programing, scientific R&D	620	30%
5	<i>Construction/Project Management</i>	Management and technical consulting, managing companies, facilities management	440	15%
		Total	2,500	100%

Source: Kitsap Economic Development Alliance. IMPLAN® sector descriptions.

As shown in **Table 5**, the ONEkitsap strategic plan includes 5 “Target Industries” to concentrate marketing and recruiting for new jobs: 1) *Marine/Boat Building*, 2) *Defense*, 3) *Light Manufacturing*, 4) *Technology*, and 5) *Construction/Project Management*. **Appendix I** shows how each target industry was defined by IMPLAN® sectors.

Target industries and job goals are based on industries already located in Kitsap County, and industries that are attracted to the advantages of locating in Kitsap County. **Appendix II** lists major employers in Kitsap County. These major employers include: an existing *boat builder*, 5 *defense* contractors, Navel Base Kitsap employing 36,978, and 3 companies doing *light manufacturing*.

In addition to major employers, other factors in the economy were used to identify target industries.

Marine and boat building are targets because Kitsap County is surrounded by 234 miles of saltwater shoreline and is part of one of the largest and most diverse maritime economies in the world. The County economy includes: shipping, fishing, food processing, maritime logistics, naval architecture, and ship building, repair and maintenance.

Kitsap’s Bremerton-Silverdale metro area has the second-highest level of patent generation in the United States. Recruiting *technology* based companies will add to an existing group of companies that includes:

Applied Technical Systems	R&D for defense and specialized software
Critical Insight	Cybersecurity
Dude Solutions	Operations management solutions
HelpDesk Cavalry	Puget Sound IT service provider
Microsoft	Research Special Projects
Symphony Industrial	One of the world’s leading controls companies
Taqtile	Augmented reality platform specialist
Velosys	Data visualization and Geographical Information Systems

Technology companies are supported by college, university and K-12 programs. Olympic College offers a Bachelors of Applied Science in Information Systems. Olympic College also offer courses and Associate Degrees in specialized areas such as: technology security, networking, software development, IT support, and interactive web design. Western Washington University’s Poulsbo campus offers a program that awards a Bachelor’s of Science in Cybersecurity. The West Sound STEM Network is dedicated to engaging students from early-learning to K-12.

There are a number of companies in Kitsap County involved with *construction and project management*. These company’s products and services include: management and technical consulting, specialized design services, managing companies, facilities management, and other support services.

D. Economic Impact of Jobs

The economic impact of ONEkitsap projects, where companies will create and retain jobs, is measured by additional jobs, income, value added and output. **Table 6** shows a summary of the impacts created by these jobs, including multipliers, in 2023 dollars.

Table 6: ONEkitsap Impacts from Jobs

Impact Type	Jobs	Income ⁴	Value Added ⁵	Output ⁶
Direct Impact¹	2,500	\$222,970,100	\$326,705,746	\$589,030,912
Indirect Impact²	735	\$42,972,897	\$67,985,550	\$127,278,711
Induced Impact³	739	\$37,316,044	\$73,481,667	\$121,800,619
Multiplier⁷	1.59	1.36	1.43	1.42
Total Impact	3,974	\$303,259,041	\$468,172,964	\$838,110,242

Sources: NCDS, Economic Strategy Center I/O model for Kitsap County, WA. County data, IMPLAN®.

- Notes:
1. **Direct Impact:** Impact generated directly from the jobs created.
 2. **Indirect Impact:** Changes in employment, income, and output (business sales) in various industry sectors of the local economy supplying goods and services to the companies that expanded.
 3. **Induced Impact:** The ripple effect of increased income as employees spend.
 4. **Income:** Employee compensation + proprietor income (owner wages).
 5. **Value Added:** Labor income + indirect business taxes + other property type income.
 6. **Output:** Value Added + intermediate inputs (goods used in production) = total business.
 7. **Multipliers:** Show the impacts of sales, income, spending and saving, which in turn increase the employment and earnings of other business sectors.

As previously shown in **Table 5**, the Kitsap Economic Development Alliance’s ONEkitsap Strategic Plan includes a goal to create and retain 2,500 jobs. These jobs were allocated to 5 “Target Industries” and 21 IMPLAN® sectors. Half of the job goal was allocated equally among the targets and the other half was distributed to IMPLAN® sectors based on the actual number of jobs in the sectors.

The 21 IMPLAN® sectors and 2,500 jobs were then entered as inputs to the I/O model. IMPLAN® sectors include many NAICS codes. There are 546 IMPLAN® sectors and each of these sectors is defined by a group of NAICS codes that define hundreds of sub-industries. There are many more NAICS codes than IMPLAN® sectors.

Table 6 shows the “direct” job totals and the total of “direct, indirect, and induced” impacts. The direct impact is the 2,500 job goal from **Table 5**. Indirect impacts come from the purchases of goods and services, business-to-business. As all those impacted by jobs spend their earnings, there are “induced” impacts.

Direct, indirect and induced impacts in **Table 6** are measured by: jobs, income, value added, and output. Income includes both wage and salary income from direct and indirect jobs, and proprietor

income to those owners and self employed persons affected by indirect and induced spending. Value added includes labor income and indirect business taxes, like sales taxes. Value added also includes other income, such as rent. Output is the total of value added (e.g. labor) and the value of all goods used in production.

The ripple effect of new jobs is computed based on multipliers. These multipliers show the impacts of sales, income, spending and saving, which in turn increase the employment and earnings of other business sectors. **Table 6**, above, shows that 2,500 direct jobs will create; income of \$223.0 million, value added of \$326.7 million and new output of \$589.0 million.

These are the initial and “direct” impacts. Then as indirect impacts accumulate through business-to-business purchasing, and all those affected spend new income (induced impacts), the initial impacts will multiply to create; 3,974 jobs, a multiplier of 1.59 and \$303.3 million of income, a multiplier of 1.36. Value added will multiply by 1.43 to total \$468.2 million, and output (total business) by 1.42 to total \$838.1 million.

E. Spending & Savings From Jobs

Total income of \$303,259,041 from jobs will create disposable income, spending and savings. **Table 7** shows that in 2023 dollars, total income after taxes, will create disposable income of \$258,679,962

Table 7 also shows that disposable income will create \$249,108,803 in consumer spending and \$9,571,159 in savings deposit potential.

Table 7: ONEkitsap Jobs and Payrolls Generates Spending & Savings

Total New Income	\$303,259,041
Disposable Personal Income¹	\$258,679,962
Consumer Spending²	\$249,108,803
Savings Deposit Potential³	\$9,571,159

Sources: NCDS, Economic Strategy Center Input/Output model for Kitsap County, WA. County data, IMPLAN®, 2021. DPI, consumer spending, and savings deposit percent of income, Bureau of Economic Analysis, 2022.

Notes: **1. Disposable Personal Income:** Personal income less taxes.
2. Consumer Spending: Disposable personal income less interest, personal transfer payments, and personal savings.
3. Savings Deposit Potential: Personal savings rate average annual percent of 3.7% x disposable personal income.

The projected impact of jobs is increasing consumer expenditures in the Kitsap County area, a benefit to all businesses. **Table 8**, which follows shows the “Top 10” spending categories, led by housing.

Table 8 shows that housing with \$87.7 million leads the list of 10 major spending categories, followed by transportation and food. Personal insurance and pensions, health care, entertainment, and cash contributions are in the middle. Apparel and services, education and personal care complete the list of spending categories. For detailed spending by category, see **Appendix III**.

**Table 8: ONEkitsap
Created and Retained Jobs
Top 10 Spending Categories**

Rank	Spending Category	Spending in Millions
1	Housing	\$87.7
2	Transportation	\$40.6
3	Food	\$30.1
4	Personal insurance and pensions	\$28.6
5	Health care	\$18.4
6	Entertainment	\$14.4
7	Cash contributions	\$8.5
8	Apparel and services	\$6.7
9	Education	\$4.0
10	Personal care	\$3.0

Sources: NCDS, Economic Strategy Center Input/Output model for Kitsap County, WA. Bureau of Labor Statistics, Consumer Expenditure Survey, West, 2021. Data released September 2022. See **Appendix III**.

F. Output by Sector

ONEkitsap projects are expected to create and retain 2,500 direct jobs, which will multiply to 3,974 total jobs. The projects will also create \$838,110,242 in total output, which is “business activity”.

Detailed outputs from jobs come from the I/O model built for Kitsap County. Output by sector differs from spending categories due to definitions and the way data is collected and structured. For example, housing is the largest spending category with \$87.7 million (**Table 8**) based on Bureau of Labor Statistics surveys. But owner-occupied housing ranks 2nd in output, with \$22.8 million (**Table 9**), based on the way the National Income and Product Accounts (NIPAs) are assembled and what is included in “housing”. The definitions of “housing spending” and “housing output” are much different.

Housing spending, as defined by the BLS, is much larger than output because it includes spending for utilities, operations, supplies, furnishings and equipment. The model computed total output for 262 business sectors adjusted to 2023 dollars. Sectors in the model are defined by groups of NAICS codes. **Table 9** shows the “Top 10” sectors impacted.

**Table 9: ONEkitsap
Jobs Create Annual Output
Top 10 Sectors**

Rank	Output Sector	Output in \$ Millions
1	Real estate	\$23.1
2	Housing - owner occupied	\$22.8
3	Employment services	\$12.1
4	Banks and CUs	\$7.6
5	Kitsap Public Utility District*	\$6.4
6	Full-service restaurants	\$5.6
7	Limited-service restaurants - fast food	\$5.4
8	Accounting services	\$4.9
9	Architectural, engineering	\$4.5
10	Hospitals	\$4.2

Sources: NCDS, Economic Strategy Center Input/Output model for Kitsap County, WA. See **Appendix IV**.

Note: * Kitsap Public Utility District provides drinking water, wastewater, and fiber internet infrastructure utilities to communities throughout Kitsap County, and maintains a county-wide water resource monitoring program.

ONEkitsap projects will create \$838,110,242 in total output, which is “business activity”. Real estate, with \$23.1 million in new output leads the list of the “Top 10” sectors with new output, followed by owner-occupied housing, with \$22.8 million in new output. Employment services, banks and credit unions, and the Kitsap Public Utility District round out the top 5. Full-service restaurants ranks 6th in total output, followed by fast food, accounting services, and architectural and engineering services. Hospitals round out the “Top 10”.

G. Tax Impacts from Jobs

As jobs multiply through the economy, taxes are generated for: the federal government, Washington State, Kitsap County, Kitsap County municipalities, and Kitsap County special tax districts, like schools and fire.

Table 10 shows that in 2023 dollars, Kitsap County will be receiving \$3,419,481 in taxes each year, while its’ municipalities will receive \$2,225,152 each year. Special tax districts will receive \$5,812,156. While Kitsap County and its’ taxing units will receive a total of \$11,456,789 in new annual taxes, the State of Washington will be receiving \$17,196,057. The federal government will receive the most, with \$61,151,207 in taxes primarily from social security and income taxes.

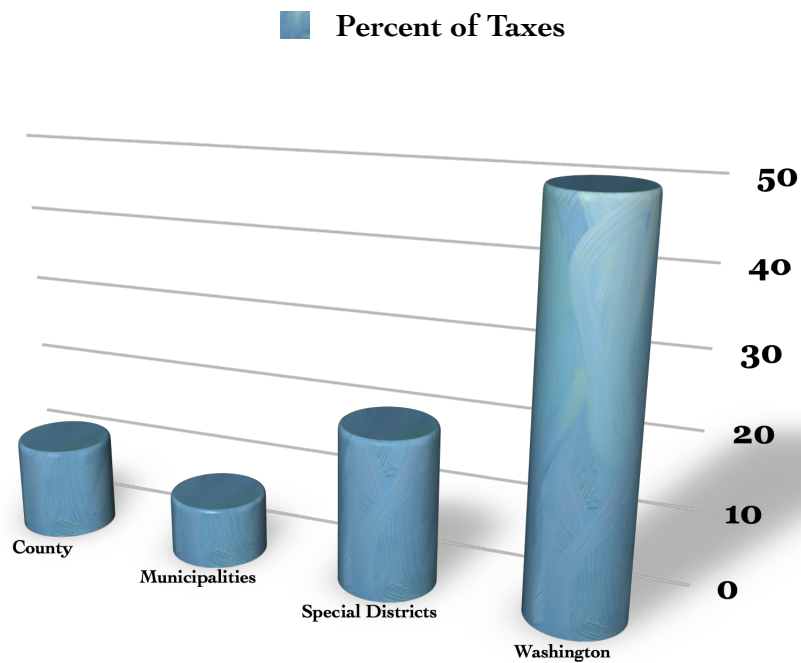
Excluding federal tax receipts, **Chart 1** shows how annual new taxes will be distributed among the State of Washington, Kitsap County, and Kitsap County taxing units. The State of Washington will receive 60.0% of these taxes, while Kitsap County will receive 11.9%. County municipalities can expect 7.8%, and County special taxing districts 20.3%.

**Table 10: ONEkitsap
Projected Annual Taxes**

Governmental Unit ¹	Total	Percent of Total (Not Federal)
Kitsap County	\$3,419,481	11.9%
Kitsap County municipalities	\$2,225,152	7.8%
Kitsap County special tax districts, e.g. schools	\$5,812,156	20.3%
Sub-Total	\$11,456,789	
State of Washington	\$17,196,057	60.0%
TOTAL	\$28,652,846	100.0%
Federal Government	\$61,151,207	

Source: NCDS, Economic Strategy Center I/O model for Kitsap County, WA.

**Chart 1: State of Washington
Kitsap County, Kitsap County Taxing Units
Share of New Annual Taxes**



Source: Table 10

Returns on Investment

Private Sector Return on Investment

ONEkitsap projects will create and retain 2,500 direct jobs, which will multiply to 3,974 total jobs. The projects will also create \$838,110,242 in total output, which is “business activity”.

Table 11 shows that both public and private investors will make this possible with a combined, estimated 5-year investment goal of \$3,250,000, which is \$650,000 per year. The combined public/private investment goal is split about 50/50. At 50% of the total, the private sector goal is \$1,625,000 and the public sector; Kitsap County and its’ municipalities goal is also \$1,625,000. Kitsap County’s estimated goal is \$568,750 or 17.5% of the total goal, and the County’s municipalities goal is a combined and estimated \$1,056,250 which is 32.5% of the total.

**Table 11: ONEkitsap Estimated Goals
Private and Public Sector Investments**

Investor	5-Year Total	Percent of Total
Kitsap County	\$568,750	17.5%
Kitsap County municipalities	\$1,056,250	32.5%
Sub-Total	\$1,625,000	
Private sector	\$1,625,000	50.0%
Total	\$3,250,000	100.0%

Source: Kitsap Economic Development Alliance. ONEkitsap.

From a private sector point of view, return on investment ROI, is based on output (business activity) generated from jobs and the profits from that output. New output is \$838,110,242.

Net profits from output measure returns to the business community. Profit margins vary from one business sector to the other, so a good way to summarize ROI for investors is to use the average net profit among all firms in the U.S. securities markets today. This average was 7.77% (total market with financials) in January of 2023 according to NYU’s Stern School of Business. Several studies have confirmed a 25-year average rate of about 8%. Dividing net profits returned to the business community by the investment in economic development equals the return on this investment.

Table 12 shows the computations for a return on investment based on average net profits that will be returned to the community, divided by the 5-year \$1,625,000 amount of private investment.

**Table 12: ONEkitsap
Public and Private Investments and
Returns on Investments ROI**

	Total Invested	Average Corporate Profit = Output x 7.71%	Taxes or Profits Returned	ROI
Kitsap County	\$568,750		\$3,419,481	\$6.01 : \$1.00
Kitsap County municipalities	\$1,056,250		\$2,225,152	\$2.11: \$1.00
Private sector	\$1,625,000	\$838,110,242 x 7.77%	\$65,121,166	\$40.07 : \$1.00

Source: NCDS, Economic Strategy Center ESC, ESC I/O model. ESC assumptions.

The return on private investment in ONEkitsap is very positive. In 2023 dollars, 5 years of steady growth in jobs will return \$40.07 to the business community in average corporate profits for every \$1.00 invested.

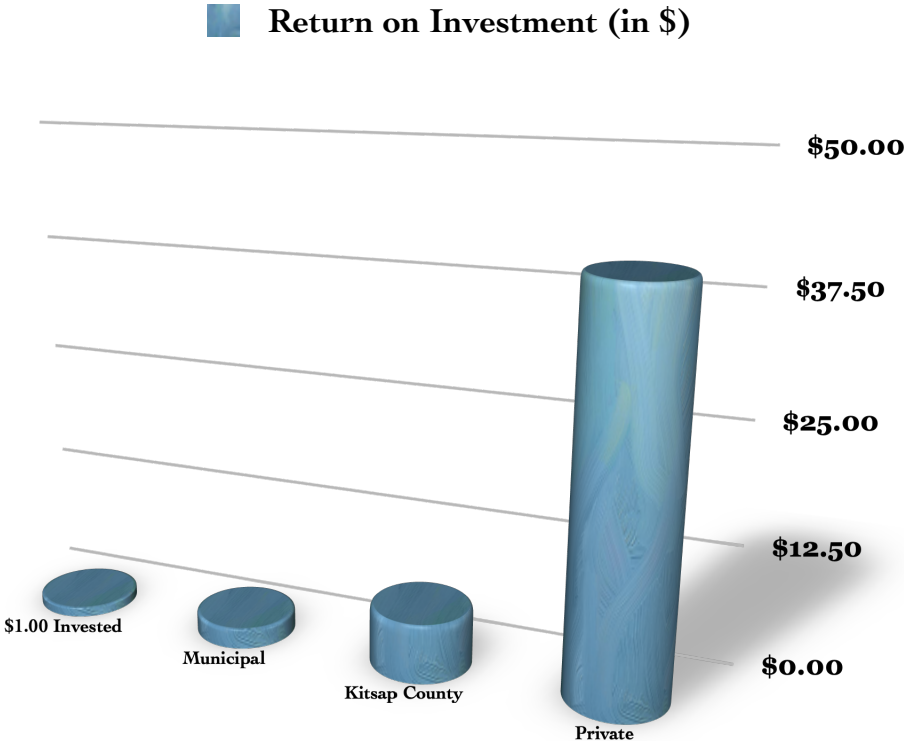
Public Sector Return on Investment

From the public sector’s perspective a return on investment can be measured by new taxes. **Table 12** shows how taxes returned to Kitsap County, and Kitsap County municipalities, can be divided by their amounts of investment from **Table 11** to compute returns on investment.

For every \$1.00 invested by Kitsap County, \$6.01 will return in new tax revenue. For every \$1.00 invested by Kitsap County municipalities, \$2.11 will be returned.

Chart 2 illustrates the private and public sector returns on investment.

Chart 2: ONEkitsap Returns on Investment



Source: Table 12

APPENDIX I

ONEkitsap Target Industries & Jobs Goals by IMPLAN Sector

Target Industries	IMPLAN Sector	IMPLAN Sector Defined	Jobs Goal %	Jobs GOAL = 2,500
1. Marine/boat building				
	360	Ship building and repairing		
	361	Boat building*		
2. Defense				
	312	Search, detection, and navigation instruments manufacturing		
	354	Aircraft manufacturing		
	356	Other aircraft parts and auxiliary equipment manufacturing		
	361	Boat building*		
	460	Computer systems design services		
	463	Environmental and other technical consulting services		
3. Light Manufacturing:				
	247	Machine shops		
	250	Metal coating and nonprecious engraving		
	269	All other industrial machinery manufacturing		

	329	Power, distribution, and specialty transformer manufacturing		
	370	Wood office furniture manufacturing		
	377	Surgical appliance and supplies manufacturing		
	459	Custom computer programming services		
4. Technology			30%	620
	436	Data processing, hosting, and related services		
	464	Scientific research and development services		
	487	Medical and diagnostic laboratories		
5. Construction/Project Management			15%	440
	458	Specialized design services		
	461	Other computer related services, including facilities management		
	462	Management consulting services		
	469	Management of companies and enterprises		
	473	Business support services		
TOTAL			100%	2,500

Source: Kitsap Economic Development Alliance. IMPLAN® 546 sectors and definitions.

APPENDIX II

Kitsap County Major Employers & Industry

Major Employers	Employees	Industry
U.S. Government/Department of Defense		
Navel Base Kitsap*	36,978	
Private Sector Employers		
St. Michael Medical Center & Franciscan Medical Group	1,901	Healthcare
Port Madison Enterprises	628	Tourism
Haselwood Auto Group	556	Vehicle Dealer
Noo-Kayet Gaming Corporation (Port Gamble S'Klallam Tribe)	511	Tourism
YMCA of Pierce & Kitsap County	497	Youth Organization
Lowe's	466	Retail
Town & Country Markets (corporate office and 2 stores)	450	Retail
Fred Meyer (2 locations)	432	Retail
McDonald's (Peninsula Office)	431	Retail
Kitsap Mental Health Services	427	Healthcare
Macy's West Stores, Inc	400	Retail
Starbucks	395	Retail
Peninsula Community Health	384	Healthcare
The Doctors Clinic	381	Healthcare
Skookum Contract Services	360	Light Manufacturing/Project Management
Martha & Mary	349	Healthcare
Stafford Healthcare (combined)	330	Healthcare
Watson Furniture Company	190	Light Manufacturing
Sage / Redington Inc / Far Bank	160	Light Manufacturing

Major Employers	Employees	Industry
Defense Contractors		
Skookum Contract Services	360	Defense
Jacobs Engineering	253	Defense
SAFE Boats International	250	Defense & Marine/Boat Building
Delphinus Engineering	249	Defense
Huntington Ingalls AMSEC	212	Defense
State & Other Public Sector Employers		
Kitsap County	1,307	Government
Central Kitsap School District	1,582	Education
South Kitsap School District	1,150	Education
North Kitsap School District	944	Education
Bremerton School District	751	Education

Source: Kitsap Economic Development Alliance.

Note: * Employees = Civilian 19,922, Active Duty 11,220, Contract 313. Naval Base Kitsap is the third largest naval base in the nation and Kitsap's largest employer, as well as one of the largest employers in the Puget Sound region.

APPENDIX III

ONEkitsuap Distribution of Total Spending by Category

Categories	Share of Total* (%)	Expenditure Total = \$249,108,803
FOOD	12.1%	\$30,142,165
Food at home	7.7%	\$19,181,378
Food away from home	4.4%	\$10,960,787
ALCOHOLIC BEVERAGES	.9%	\$2,241,979
HOUSING	35.2%	\$87,686,299
Shelter	21.6%	\$53,807,501
Owned dwellings	11.2%	\$27,900,186
Mortgage interest and charges	4.9%	\$12,206,331
Rented dwellings	9.3%	\$23,167,119
Other lodging	1.4%	\$3,487,523
Utilities, fuels and public services	5.6%	\$13,950,093
Natural gas	.5%	\$1,245,544
Electricity	1.9%	\$4,733,067
Fuel oil and other fuels	.1%	\$249,109
Telephone services	1.8%	\$4,483,958
Cellular phone service	1.7%	\$4,234,850
Water and other public services	1.2%	\$2,989,306
Household operations	2.4%	\$5,978,611
Housekeeping supplies	1.2%	\$2,989,306
Household furnishings and equipment	4.2%	\$10,462,570
APPAREL AND SERVICES	2.7%	\$6,725,938
TRANSPORTATION	16.3%	\$40,604,735
Vehicle purchases	7.1%	\$17,686,725
Cars and trucks, new	3.0%	\$7,473,264
Cars and trucks, used	4.0%	\$9,964,352
Gasoline and motor oil	3.3%	\$8,220,590

Other vehicle expenses	5.2%	\$12,953,658
Vehicle finance charges	.4%	\$996,435
Maintenance and repairs	1.5%	\$3,736,632
Vehicle insurance	2.2%	\$5,480,394
Vehicle rental and leases	1.1%	\$2,740,197
Public transportation	.7%	\$1,743,762
HEALTH CARE	7.4%	\$18,434,051
Health insurance	4.8%	\$11,957,223
Medical services	1.6%	\$3,985,741
Drugs	.7%	\$1,743,762
Medical supplies	.3%	\$747,326
ENTERTAINMENT	5.8%	\$14,448,311
PERSONAL CARE PRODUCTS/SERVICES	1.2%	\$2,989,306
EDUCATION	1.6%	\$3,985,741
CASH CONTRIBUTIONS	3.4%	\$8,469,699
PERSONAL INSURANCE AND PENSIONS	11.5%	\$28,647,512
Life and other personal insurance	.6%	\$1,494,653
Pensions and Social Security	11.0%	\$27,401,968
OTHER (reading, tobacco & miscellaneous)	1.9%	\$4,733,067

Source: Bureau of Labor Statistics, Consumer Expenditure Survey, 2021, Region of Residence, West. BLS data released September, 2022.

Note: * All shares are % of total. **Shaded**, major categories total 100%.

APPENDIX IV

ONEkitsap Total Output by Sector¹ And Top 10 Sectors for Business-to-Business Impacts (Sectors used for 21 direct job impacts are shaded)

Rank	Industry Display	Output
	Total	\$838,110,242
	464 - Scientific research and development services	\$165,057,684
	360 - Ship building and repairing	\$130,280,611
	361 - Boat building	\$59,617,630
	460 - Computer systems design services	\$37,624,023
	469 - Management of companies and enterprises	\$37,545,230
	459 - Custom computer programming services	\$30,708,288
	462 - Management consulting services	\$25,919,346
1	447 - Real estate establishments: Lessors of industrial commercial and residential real estate, agents & brokers (commissions), REITs, managers' offices, listing services, appraisal services, escrow agencies	\$23,115,443
	436 - Data processing, hosting, and related services	\$23,012,047
2	449² - Imputed rental activity for owner-occupied dwellings = HOUSING + includes mortgage payments	\$22,758,616
	463 - Environmental and other technical consulting services	\$21,236,187
	329 - Power, distribution, and specialty transformer manufacturing	\$17,905,472
	354 - Aircraft manufacturing	\$12,250,359
3	472 - Employment services	\$12,066,834
	370 - Wood office furniture manufacturing	\$12,021,777
	377 - Surgical appliance and supplies manufacturing	\$11,930,251
	455 - Legal services	\$7,954,042
4	441 - Monetary authorities and depository credit intermediation activities = Banks and Credit Unions. Output of commercial banks, savings institutions, and credit unions which includes: 1) funds, trusts, and other financial vehicles, 2) administrative expenses of pension funds, 3) service charges on deposit accounts and cash management, 4) service charges and fees on credit card accounts, 5) loan origination on all other consumer loans, 6) other products supporting financial services, and 7) ATM and other electronic transaction fees.441 - Monetary authorities and depository credit intermediation	\$7,612,100
5	534 - Kitsap Public Utility District³	\$6,448,650
	461 - Other computer related services, including facilities management	\$5,583,875

Rank	Industry Display	Output
6	509 - Full-service restaurants	\$5,561,093
7	510 - Limited-service restaurants	\$5,403,616
	473 - Business support services	\$5,256,688
8	456 - Accounting, tax preparation, bookkeeping, and payroll services	\$4,946,161
9	457 - Architectural, engineering, and related services	\$4,550,098
10	490 - Hospitals	\$4,248,982
	47 - Electric power transmission and distribution	\$4,119,269
	483 - Offices of physicians	\$3,989,780
	438 - Internet publishing and broadcasting and web search portals	\$3,953,419
	487 - Medical and diagnostic laboratories	\$3,765,163
	247 - Machine shops	\$3,533,533
	396 - Wholesale - Other durable goods merchant wholesalers	\$3,437,235
	269 - All other industrial machinery manufacturing	\$3,053,332
	448 - Tenant-occupied housing	\$2,899,855
	411 - Retail - General merchandise stores	\$2,860,004
	395 - Wholesale - Machinery, equipment, and supplies	\$2,831,663
	440 - Securities and commodity contracts intermediation and brokerage	\$2,829,691
	511 - All other food and drinking places	\$2,658,131
	402 - Retail - Motor vehicle and parts dealers	\$2,493,689
	413 - Retail - Nonstore retailers	\$2,490,908
	512 - Automotive repair and maintenance, except car washes	\$2,478,700
	468 - Marketing research and all other miscellaneous professional, scientific, and technical services	\$2,411,738
	406 - Retail - Food and beverage stores	\$2,339,106
	458 - Specialized design services	\$2,297,435
	476 - Services to buildings	\$2,281,512
	444 - Insurance carriers, except direct life	\$2,251,727
	475 - Investigation and security services	\$2,183,237
	465 - Advertising, public relations, and related services	\$2,083,035
	521 - Religious organizations	\$2,031,887
	442 - Other financial investment activities	\$1,952,634
	60 - Maintenance and repair construction of nonresidential structures	\$1,901,944

Rank	Industry Display	Output
	486 - Outpatient care centers	\$1,889,599
	445 - Insurance agencies, brokerages, and related activities	\$1,856,934
	421 - Couriers and messengers	\$1,807,229
	439 - Nondepository credit intermediation and related activities	\$1,719,983
	417 - Truck transportation	\$1,718,376
	400 - Wholesale - Other nondurable goods merchant wholesalers	\$1,687,438
	393 - Wholesale - Professional and commercial equipment and supplies	\$1,687,084
	477 - Landscape and horticultural services	\$1,672,765
	394 - Wholesale - Household appliances and electrical and electronic goods	\$1,632,006
	491 - Nursing and community care facilities	\$1,551,299
	493 - Individual and family services	\$1,518,173
	484 - Offices of dentists	\$1,489,890
	356 - Other aircraft parts and auxiliary equipment manufacturing	\$1,460,887
	250 - Metal coating and nonprecious engraving	\$1,379,876
	478 - Other support services	\$1,375,949
	405 - Retail - Building material and garden equipment and supplies stores	\$1,355,210
	513 - Car washes	\$1,299,160
	453 - Commercial and industrial machinery and equipment rental and leasing	\$1,260,237
	446 - Funds, trusts, and other financial vehicles	\$1,238,720
	401 - Wholesale - Wholesale electronic markets and agents and brokers	\$1,184,137
	479 - Waste management and remediation services	\$1,129,184
	471 - Facilities support services	\$1,128,648
	412 - Retail - Miscellaneous store retailers	\$1,123,439
	450 - Automotive equipment rental and leasing	\$1,113,247
	433 - Wired telecommunications carriers	\$1,042,894
	485 - Offices of other health practitioners	\$1,036,288
	522 - Grantmaking, giving, and social advocacy organizations	\$1,031,474
	470 - Office administrative services	\$945,570
	48 - Natural gas distribution	\$887,712
	526 - Postal service	\$855,265
	407 - Retail - Health and personal care stores	\$832,520

Rank	Industry Display	Output
	61 - Maintenance and repair construction of residential structures	\$794,853
	398 - Wholesale - Grocery and related product wholesalers	\$794,144
	528 - Other federal government enterprises	\$787,259
	531 - Other state government enterprises	\$772,656
	392 - Wholesale - Motor vehicle and motor vehicle parts and supplies	\$749,895
	409 - Retail - Clothing and clothing accessories stores	\$747,556
	428 - Software publishers	\$734,884
	495 - Community food, housing, and other relief services, including rehabilitation services	\$713,847
	410 - Retail - Sporting goods, hobby, musical instrument and book stores	\$710,657
	532 - Local government passenger transit	\$661,927
	431 - Radio and television broadcasting	\$629,354
	499 - Independent artists, writers, and performers	\$610,340
	408 - Retail - Gasoline stores	\$607,857
	482 - Other educational services	\$591,324
	403 - Retail - Furniture and home furnishings stores	\$585,083
	434 - Wireless telecommunications carriers (except satellite)	\$584,009
	454 - Lessors of nonfinancial intangible assets	\$554,550
	515 - Commercial and industrial machinery and equipment repair and maintenance	\$541,830
	451 - General and consumer goods rental except video tapes and discs	\$536,870
	474 - Travel arrangement and reservation services	\$536,841
	517 - Personal care services	\$535,071
	399 - Wholesale - Petroleum and petroleum products	\$514,184
	432 - Cable and other subscription programming	\$512,849
	420 - Scenic and sightseeing transportation and support activities for transportation	\$498,795
	492 - Residential mental retardation, mental health, substance abuse and other facilities	\$487,285
	520 - Other personal services	\$478,728
	524 - Labor and civic organizations	\$465,984
	424 - Periodical publishers	\$453,355
	467 - Veterinary services	\$433,276
	514 - Electronic and precision equipment repair and maintenance	\$432,493

Rank	Industry Display	Output
	154 - Petroleum refineries	\$431,024
	500 - Promoters of performing arts and sports and agents for public figures	\$418,897
	504 - Other amusement and recreation industries	\$418,240
	429 - Motion picture and video industries	\$414,669
	494 - Child day care services	\$391,708
	496 - Performing arts companies	\$355,851
	466 - Photographic services	\$318,575
	516 - Personal and household goods repair and maintenance	\$313,616
	418 - Transit and ground passenger transportation	\$297,328
	404 - Retail - Electronics and appliance stores	\$265,212
	525 - Private households	\$261,726
	505 - Fitness and recreational sports centers	\$260,197
	204 - Ready-mix concrete manufacturing	\$230,361
	503 - Gambling industries (except casino hotels)	\$200,315
	523 - Business and professional associations	\$192,798
	488 - Home health care services	\$185,223
	480 - Elementary and secondary schools	\$182,205
	397 - Wholesale - Drugs and druggists' sundries	\$181,136
	489 - Other ambulatory health care services	\$174,886
	423 - Newspaper publishers	\$166,521
	527 - Federal electric utilities	\$163,455
	215 - Iron and steel mills and ferroalloy manufacturing	\$158,384
	49 - Water, sewage and other systems	\$142,708
	383 - Doll, toy, and game manufacturing	\$140,717
	481 - Junior colleges, colleges, universities, and professional schools	\$125,909
	452 - Video tape and disc rental	\$117,080
	501 - Museums, historical sites, zoos, and parks	\$116,921
	430 - Sound recording industries	\$109,656
	14 - Animal production, except cattle and poultry and eggs	\$109,576
	262 sectors with new output. Please contact NCDS ESC for output in sectors with less than \$100,000.	

Source: NCDS, Economic Strategy Center Input/Output model for Kitsap County, WA. County data IMPLAN®, 2021, data released December, 2022.

- Notes:
- 1) 21 sectors used to define inputs are shaded and not used in the “top 10 impacts” because these inputs are the direct impacts that create outputs from indirect and induced impacts, the very important business-to-business impacts.
 - 2) Sector 449 treats homeownership and maintenance like a rental industry and includes purchases made by homeowners for the upkeep of residences and payments on mortgages. This approach was created by the Bureau of Economic Analysis, BEA, to manage home ownership spending in the National Income and Product Accounts, NIPAs.
 - 3) Kitsap Public Utility District provides drinking water, wastewater, and fiber internet infrastructure utilities to communities throughout Kitsap County, and maintains a county-wide water resource monitoring program.

APPENDIX V

ABOUT NCDS AND THE ECONOMIC STRATEGY CENTER



National Community Development Services, Inc. (NCDS) is a pioneer in nonprofit, community-based fundraising. Since 1977, NCDS has raised over \$1.7 billion for more than 700 organizations, in 44 states across the U.S.

The Economic Strategy Center is the economic research and analysis division of NCDS. The ESC applies research tools and techniques to evaluate the economic impacts of development programs. It conducts in depth research using local, state and national sources. Over 20 years ago, NCDS pioneered the use of economic impact analyses in fundraising campaigns to convey the Return on

Investment, ROI of our clients' programs, based on projected outcomes of new jobs, capital investment, industry sector growth, and other client goals.

The ESC helps clients address three types of issues:

- **Market Analysis** - How will my organization be affected by changes in the economy? What should I do to respond to them?
- **Cost/Benefit Analysis** - What will be the economic impact/benefits and costs of my project/program? What should I do to maximize net value? What is the return on investment?
- **Economic Development Strategy** - How can my project/program affect business growth and attraction? How can I best target my efforts?

The ESC creates:

- **Economic Impact Analysis** - The direct, indirect and induced impacts that multiply to create more jobs, income, value added and output. Impacts of new spending and new output include computations of potential new bank deposits and new local tax revenue. Return on investment ROIs are calculated for both private and public sector investments.
- **Scorecard** - The Economic Impact Analysis of success with job creation and new investment to show impacts and return on investment.
- **Info-graphic** - Summary graphics to illustrate impacts and returns on investment.

The ESC uses the latest data and techniques available. We are members of *C2ER - The Council for Community and Economic Research* (formerly ACCRA), *The International Economic Development Council*, and *The Association of Public Data Users*.

For more information visit: <https://www.ncdsinc.net/economic-impact-analysis>