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Study: sawmill redevelopment economic impact \$1 billion

Former sawmill site would create jobs, accent Yakima Valley 'gateway'

YAKIMA, Wash. – A former sawmill site being considered for major mixed-use redevelopment will create more than \$1 billion in total new direct economic activity in the Yakima Valley, according to a newly completed economic analysis.

A blend of commercial, office, retail and residential development on the 208-acre former Boise Cascade Sawmill site into a regional attraction would bump the city's property tax base by \$500 million, boost local sales tax revenues by \$68 million and create 3,900 permanent jobs, according to the analysis prepared by JUB Engineers of Kennewick, Wash. The project would also connect downtown Yakima, the river and the popular Yakima Greenway to improve the region's curb appeal to visitors and travelers.

"The study is an essential first step toward redeveloping this premier Yakima Valley property into a centerpiece that is an economic asset," said Dave McFadden, president and CEO of the Yakima County Development Association. "The site is one of the few large undeveloped tracts of urban land on an interstate freeway in Washington State."

A recent separate study of Yakima Valley economic resources, known as Blueprint Yakima, found that a rare once-in-a-generation opportunity exists to redevelop the site, which serves as an important visual entrance to the entire region. The sawmill site supported important economic activity for more than 100 years. The mill closure hit the community hard and the city lost an important part of its tax base, McFadden said.

“That property is the gateway to the Yakima Valley,” said Mayor Dave Edler. “It creates a first impression for the city of Yakima and the rest of the Yakima Valley. It should showcase our community proudly and invite visitors.”

Blueprint Yakima, which was commissioned by the Yakima County Development Association, concluded that leveraging the property’s “gateway” appeal is critical to moving the region’s economy forward. Interstate 82 carries an estimated 40,000 vehicles past the property daily.

“Gateways that announce entry into a community provide physical boundaries and a defined sense of place – attractive characteristics to passerby who serve as potential future residents and business owners,” according to the Blueprint Yakima study. “On the other hand, non-descript, neglected entryways send a different message about a community, and represent a lost opportunity to market the area as a desirable place to live and work.”

The owners of the former sawmill property, are developing a public-private partnership with the city, county and state to secure state funding for needed infrastructure improvements, such as roads and utilities to support the redevelopment effort. Greg Demers, one of the property’s co-owners, envisions more than 2 million square feet of mixed-used development over 10 years that would attract locals and tourists and generate \$143 million in local property tax.

Amenities would include new access points to the Yakima Greenway, incorporation of natural design elements and enhanced pedestrian and bike linkages to the river and downtown, something Demers envisions as a part of a “lifestyle center” approach. Development would also facilitate a new east-west connector road over the Yakima River from Terrace Heights into downtown and I-82 interchange improvements, said Brad Hill, a consultant to the sawmill redevelopment project.

Among the ideas being discussed for the retail component of the project, Demers cites a smaller 22-acre “lifestyle center” retail development in Lake Oswego, Ore. called

Bridgeport Village as a potential model of pedestrian friendly design. Other components of the project will include office “flex” business park uses, public facilities, recreational and residential development.

“All together, this project can be integral to plans putting the Yakima Valley back on the map as a regional tourist and lifestyle destination in the Pacific Northwest,” Demers said.

The city of Yakima has been working with the mill site owners to establish the property as a Revenue Development Area (RDA), which would allow state designation of the project as a LIFT District. A LIFT District allows use of a finance mechanism through which projected tax revenue increases created by future development can be used to fund current infrastructure improvements.

“LIFT allows infrastructure development to be paid for by the growth that’s happening there instead of asking local taxpayers to dig deeper into their pockets,” said Michael Morales, the city’s deputy director community and economic development.

JUB Engineers completed the economic analysis according to the state’s stringent LIFT economic modeling criteria. The analysis values the new construction at \$350 million, and projects state revenues of \$485 million in sales tax and \$21 million in property tax.

The Yakima City Council will consider the RDA designation request during its June 10 meeting.

“This is a highly visible property for Yakima,” Hill said. “What is being discussed would update Yakima’s front window to the rest of the world and be a cornerstone of regional plans to enhance Yakima’s image.”