

## Chapter Seven ECONOMICS

### INTRODUCTION

#### Purpose

Economic vitality is the measure of the economic health of the County--its people, its businesses, and its government. A way of enhancing economic vitality is through public and private action designed to achieve:

1. Maintenance of a strong sustainable economic base
2. Diversification of the local economy
3. Improved job training and educational opportunities; and
4. Creation and maintenance of a range of family-wage jobs

Economic vitality can also be described simply as job retention, job creation, job training programs, public and private capital investment and business and community capacity-building to allow businesses or community groups to do the job themselves. The purpose of the economic element is to set goals and establish policies which promote economic vitality for the future of Whatcom County. This chapter provides policies that directly affect other elements of this plan and how this plan was drafted. There are also policies that can be utilized to help direct future planning actions or to review private requests for plan amendments, rezones, or specific projects. Finally, the list of specific action items set forth direction for immediate and long-term actions by the county and suggestions that involve other entities interested in Economic Development.

#### Process

This chapter was originally created by utilizing policies from the *Overall Economic Development Program (OEDP)*, developed while working with the boards of the Bellingham/Whatcom County Economic Development Council (EDC), formerly Fourth Corner Economic Development Group, the Bellingham/Whatcom Chamber of Commerce, the Chamber of Commerce Economic Committee, and an ad hoc committee that was established to review industrial land supply issues. Currently, the Economic Development Administration (EDA) now requires a *Comprehensive Economic Development Strategy (CEDS)* instead of an OEDP to be eligible for grant funding. The EDA established the OEDP process in order to create an effective Federal/local partnership in economic planning. An expansion of the OEDP process, the CEDS directs its investments to be based on strategies resulting from locally controlled participatory planning processes established to develop and maintain the CEDS.

Lead by the Partnership For a Sustainable Economy, a committee of the principal coordinators and advocates of the wise management of new public and private investment provided ongoing involvement during development of the CEDS. The resulting vision, goals and strategies provide the framework for public and private decision-making and serve as the basis for the action plan.

In addition to establishing a series of goals and strategies, a countywide compilation of projects has been assembled and is included as an appendix section entitled *Whatcom County Comprehensive Economic Development Strategy Project List*. Included in this list are capital improvements, planning efforts, business development and finance tools and technical assistance projects. This compilation may be used as a tool for coordinating community and economic proposals throughout the county.

## **GMA Goals, County-Wide Planning Policies, and Visioning Community Value Statements**

This chapter specifically addresses Goal #5 of the Growth Management Act, which encourages economic development and economic opportunity for all citizens of the state. The County-Wide Planning Policies and Community Value Statements also have sections on economic development which this chapter specifically addresses. Examples include recognition of the need for a healthy economy; the emphasis on coordination and cooperation among jurisdictions and public/private partnering; coordination with environmental quality; and the desire to maintain the resource based industries and recreation as we move toward a more diversified economy. In general this chapter addresses the points raised in the CEDS, the County-Wide Planning Policies, and the Visioning Community Value Statements but goes beyond all documents to address other economic issues.

As a result of the CEDS process, a compilation of all countywide economic development goals, strategies and objectives has been assembled. The *Key Policies (Goals & Strategies) Related to Local Economic Development* is also a part of the CEDS document as an appendix. This summary includes entries from municipalities such as area cities, Whatcom County, Council of Governments, PUD #1; economic development groups such as East County (Foothills), Point Roberts, Birch Bay Economic Development Committees; and special focus organizations such as Agriculture Preservation Committee, Workforce Development Council, and Whatcom Coalition for Healthy Communities. Goals, strategies and objectives are categorized among six general topics: Land Use & Development; Public Infrastructure & Services; Workforce & Education; Business Development; Coordination; and Natural Resources. Each general topic is further divided into sub-categories allowing for cross-community themes and coordination efforts to be supported.

### **GMA Requirements**

Beginning in 2002 the Growth Management Act requires an economic element to be included as a comprehensive plan element. In addition, the County Council has specifically requested that the CEDS report prepared by the Partnership for a Sustainable Economy be incorporated in the comprehensive plan. With this update to the Economics Chapter of the Comp Plan current economic data contained within the CEDS and other sources is incorporated. This chapter directly accomplishes the above objectives though economic policies also appear in other chapters of this plan.

## **BACKGROUND SUMMARY**

Historically, Whatcom County has had a cyclical economy. The unemployment rate typically runs nearly a percentage point higher than the state as a whole, though the 2002 year-to-date (10 month) average unemployment rate for Whatcom County of 6.3% is lower than the state average of 7.1%. Average annual wages run several thousand dollars below the state as a whole, a gap that continues to grow.

A number of efforts have been made in the past to address the economic issues in the county. Beginning in 1966 and continuing periodically thereafter, the Whatcom County Council of Governments, working with public and private sectors, published an Overall Economic Development Program (OEDP). For the years 1991 to 1993, the OEDP was prepared by the EDC, in cooperation with Whatcom County Council of Governments. Since 1993, the Whatcom County area has not had an update to overall or comprehensive economic development strategy, until completion of the CEDS process.

The earlier programs led to several studies that were completed in the early 1980s, including: *The Business Triad Report*, 1981; *The Economic Futures Study of Whatcom County*, 1983; and *The*

*Stanford Research Institute Study, 1983.* These studies led to the creation of Team Whatcom, a coordinating group, and Fourth Corner Economic Development Group, both of which joined with the Council of Governments, the Chamber of Commerce, and the Port of Bellingham to sponsor studies and/or carry the economic development role in the county. In 1987, the Business College at Western Washington University led an exercise involving all of the agencies in Whatcom County interested in economic development. From this exercise, a major conclusion was that there is a need for continuing coordination. In 1989, the Cities of Everson and Nooksack held economic summits sponsored by Puget Sound Power and Light. Several years later, the City of Ferndale followed suit.

Early in 1993, an ad hoc industrial land supply committee was created under the auspices of EDC to review industrial land supply needs. The Whatcom County Council appointed a Jobs Based Economy Committee that published a report in September 1994. Prior to an economic summit in October 1994, the Chamber of Commerce published a background study on the local economy.

In addition an Economic Development Task Force (EDTF) was formed in the fall of 1996 to address economic development issues, network between jurisdictions and organizations in Whatcom County and to take positive actions in information and marketing; regulatory issues; and infrastructure. In addition, the EDTF was charged with the mission to facilitate actions that will improve the economy of Whatcom County. A full work plan was established from which to accomplish these objectives.

In 2000, the Partnership for a Sustainable Economy was formed to coordinate countywide economic development planning efforts. The first task is completion of the CEDS, which is being incorporated into this Economics Chapter. Six overarching Economic Development Strategies have been identified through the CEDS process.

- Goal A: Finance and maintain appropriate infrastructure for community and economic development.
- Goal B: Ensure sustainable development and uses of natural resources.
- Goal C: Promote a diverse economy by sector and location.
- Goal D: Foster collaborative working relationships among economic development stakeholders at the community, state, federal, international and tribal levels.
- Goal E: Provide and retain a high quality workforce.
- Goal F: Increase public understanding and involvement in economic issues.

Numerous strategies accompany each of the above Goals.

**MINORITY POPULATION ISSUES**--Historically, Native Americans, the largest minority population in Whatcom County, have had high unemployment rates. This has been further impacted by the loss of fisheries, although casinos recently built on both reservations have partially substituted for this loss. Another growing cultural group in the county is the Hispanic community, which came to Whatcom County for seasonal agriculture work and has chosen to stay. Seasonal employment, however, cannot provide for adequate housing and other basic needs. Russian and Ukrainian immigrants are another growing minority in Whatcom County who may have special needs.

**STRATEGIC ECONOMIC VITALITY ISSUES**--There are a number of major economic vitality issues facing Whatcom County. These issues are discussed individually below and each is addressed through a specific goal with attendant policies.

## ISSUES, GOALS, AND POLICIES

### Diversified Economy

Quality of life is an essential component in many people's choice to live in Whatcom County. A fundamental aspect of "quality of life" characteristics is a strong and diversified economy, one that is relatively recession-proof, and one that can provide family-wage employment, affordable housing, discretionary income, tax base, and sponsors for worthy causes. Such an economy should provide for all segments of society with a geographic distribution that spreads the jobs and tax base throughout the area. This concept was reinforced by a non-statistical Business Retention and Expansion (BRE) survey conducted by Western Washington University's Small Business Development Center (SBDC) with 54 manufacturers. They reported that the top two strengths of Whatcom County are Recreation and Quality of Life.

Based on non-agriculture payroll employment data in Whatcom County, the number of non-agricultural jobs has consistently grown since 1982. In general, the long-term trend in the county's economic development is similar to state and national trends. More specifically, the service-producing employment sectors (trade, services, government, financial, transportation/utilities) have grown over time, while goods production (mining, construction and manufacturing) has decreased as a share of total employment. The goods share of the Whatcom economy declined from 33% in 1970 to 23% in 2000, while services rose from 67% to 77%.

Even though employment growth has surged, wage growth has lagged. Per capita personal income growth in Whatcom County has also not kept pace with the statewide average. In 1999, per capita personal income for Whatcom County was reported to be \$23,228 while Washington State reported \$30,380. From an analysis of the annual average wage in Whatcom County and Washington State since 1970, the wage gap that is apparent in per capita personal income is even wider by this measure. In 2000, the average annual wage difference between the state and the county was \$10,743. Adjusted for inflation, average wages in Whatcom County have declined from \$23,872 to \$19,958 over the last 30 years.

This overall decline of the average wage has been subject of considerable discussion because it is a national trend. Some of the explanations considered include an overall decline in high paying goods-producing jobs accompanied by a large increase in lower paying trade and service jobs.

The rapid growth in service-related jobs mirrors national and state trends that have occurred for several decades. As reported in the CEDS, forecasts suggest that these trends will continue through 2020 and beyond. Washington State's economy will continue to become more and more dominated by service jobs. It is expected that service jobs will account for 35% of Whatcom County's employment in 2020, up from 26% in 2000.

**GOAL 7A: Promote a healthy economy which provides ample opportunity for family-wage jobs for diverse segments of the community is essential to the quality of life in the area.**

Policy 7A-1: Together with the cities, provide an ample, developable land supply for commercial and industrial uses to provide opportunity for new and expanding firms wishing to locate or remain in Whatcom County.

Policy 7A-2: Foster a diverse, private-sector job base, which will provide family-wage jobs at the state median income level or greater, and facilitate the retention and expansion of existing businesses.

- Policy 7A-3: Employ innovative techniques to attract a mix of diversified industries for a broader economic base.
- Policy 7A-4: In addition to stimulating family-wage jobs and jobs in diverse sectors, plan for service-related jobs such as those necessary to support tourism, recreation, and retailing as well as those that relate to industry.
- Policy 7A-5: Support a joint venture between the public and private sector in a training and technology partnership with local education resource providers in the interest of supporting the development of an educated work force as a key factor for economic success. Such partnerships should include Western Washington University, Whatcom Community College, Bellingham Technical College, NW Workforce Development Council, and businesses and industries.
- Policy 7A-6: Support "Industrial Incubators" to facilitate start-up operations for small companies which are bigger than cottage industries, but not yet ready for a stand-alone industrial site.
- Policy 7A-7: Foster an adequate housing supply for all income levels as a prerequisite for a healthy economy.
- Policy 7A-8: Enhance the environment for resource-based industries and the growing service industry with an emphasis on the communities in eastern Whatcom County.
- Policy 7A-9: Produce a strategic plan to guide the county's participation in tourism development marketing.
- Policy 7A-10: Establish a competitiveness review of policies, taxes/fees, processes and other influences that impact county businesses.

### **Coordination/Cooperation and Public/Private Partnerships**

In the mid 1980s, it was recognized that cooperation and coordination were essential components to achieve a strong economy. Special efforts were made to accomplish these; both the City of Bellingham and Whatcom County hired staff with this focus.

During the 1990s, the county's small cities followed suit with the addition of either added staffing or contracted planners and three unincorporated areas (Birch Bay, Point Roberts and East County) assembled economic development committees. As evidenced in the *Key Policies Related to Local Economic Development*, this commitment to coordination and cooperation by all entities and jurisdictions throughout the county is more specifically revealed. As the area continues to grow and systems become more complex, it will be increasingly important to maintain this effort.

### **GOAL 7B: Support increased public/private sector partnering among all entities involved with economic development.**

- Policy 7B-1: Work with the Partnership for a Sustainable Economy, Chambers of Commerce, the Port of Bellingham, the ECD, and the Convention and Visitor Bureau and other groups to attract sustainable industry to Whatcom County and to assist expansion and retention of local businesses.
- Policy 7B-2: Continue to work with the Partnership for a Sustainable Economy in informal meetings of staff from all the entities and jurisdictions involved with economic development to discuss issues of interest on a periodic basis.

- Policy 7B-3: With the Partnership for a Sustainable Economy, cities, Port of Bellingham, Council of Governments, EDC, Chambers of Commerce, business, labor, education, and other social and community interests, continue to cooperate, prepare and implement the annual *Comprehensive Economic Development Strategy* and other economic analyses and plans.
- Policy 7B-4: Identify, develop and match funding opportunities with the economic development projects contained within the CEDS report. Funding sources could include WA-CERT, EDA, CDBG & CERB, CZM, Rural Sales Tax, USDA Rural Development, grants and loans, private investment, local match and many other federal, state and local sources.
- Policy 7B-5: Encourage utilization of current technology and efficient communications tools to disseminate information.

### **Infrastructure**

Despite the many natural advantages for economic growth in Whatcom County, several factors constrain the creation of future wealth in the county. One of the factors is the lack of adequate infrastructure for future industrial development. An adequate water distribution system is one example.

Water quantity and quality and the distribution system needed to supply water are all elements of the water supply problem. In addition, the complex legal issues regarding rights to water are being considered relative to planning for future growth (see Utilities Chapter). Future water withdrawals from the region's rivers and aquifers will be considered relative to the need to provide adequate water for other users. In 1998, through the enactment of state legislation, the boundaries of the Water Resource Inventory Area No. 1 (WRIA 1) were established. Caucuses representing various stakeholders were designated to address, through local government, water resource planning needs from a watershed perspective. This process is currently underway and is expected to provide technical tools to aid future local planning for sustainable economic development.

Watershed planning must continue to be considered relative to the 20 year plans for sewer, all-weather access roads, and appropriate storm drainage to encourage new industries to easily locate in Whatcom County.

Effective government services, such as criminal and civil justice, public health and safety, planning and development services, safe roads, and stormwater facilities play an important role in supporting economic development. Adequate funding for the increased demand for governmental services and the infrastructure to support them is critical to expansion of the Whatcom County economy.

Along with planning for future water and other infrastructure for economic development, electric energy supply and communications are also important for future economic growth within the county. The expansion or construction of new transmission facilities is important for the locational decisions of the industries that might want to locate to Whatcom County. Also PUD #1's InfiNET Telecommunications Utility (Whatcom Open Network) has been established to facilitate the availability of advanced telecommunications services for public agencies and businesses in proximity to the InfiNET network facilities. Facilities include a backbone of fiber optic infrastructure, both existing and future, as InfiNET's network expands countywide.

**GOAL 7C: Ensure adequate infrastructure to support existing and future business development and evolving technology.**

- Policy 7C-1: Continue to work with all involved parties to ensure an adequate water supply and distribution system to support economic growth.
- Policy 7C-2: Encourage the provision of adequate transportation infrastructure including roads to all industrial sites.
- Policy 7C-3: Work with service providers for a dependable electric power supply, alternative energy sources, communications, and evolving technology to support existing and future business development.
- Policy 7C-4: Encourage location of industrial areas especially where sewer and water service and all weather access can be readily provided when necessary.
- Policy 7C-5: Support the efforts of the PUD #1 and area communication and cable companies to get a fiber optic network throughout Whatcom County.
- Policy 7C-6: Consider proposals for an east-west rail line between Cherry Point and Sumas including stops in Lynden.
- Policy 7C-7: Participate in the ongoing, implementation and operation of the countywide water resources management body (WRIA #1) for Whatcom County.
- Policy 7C-8: Recognize the importance of governmental services and facilities to support economic development. Update capital facility plans and appropriate adequate funding for public facility upgrade or expansion necessary to serve projected population and business growth.
- Policy 7C-9: Recognize the importance of integrated transportation planning to economic development.

### **Regulations/Processing**

Governmental regulations are both a perceived and a real problem. Sufficient regulatory control and enforcement is needed to protect the environment and general health, safety, and welfare of the community and also to assure minimum quality standards to protect development investments from adverse effects from neighboring development. This must be tempered to avoid excessive cost, inflexibility, unpredictability, and excessive time delays. Ample land is needed with proper zoning to ensure a wide range of choice and preclude excessive land prices. Such lands should be located in areas suitable for development thus minimizing the need for regulatory controls.

Site-specific environmental constraints such as wetlands, streams, and river protection areas reduce land use options for many businesses and industrial firms. The current incremental, site-by-site approach to regulating environmental resources is considered an impediment to achieving economic vitality goals. One step toward addressing this issue is the initiation by the Port of Bellingham to conduct an inventory of the supply and availability of industrial and commercial properties in the county and to conduct a forecast of future demand and needs.

**GOAL 7D: Consistent with other goals of the county, strive for balanced, clear, and predictable overall policies, practices and regulations which do not unnecessarily or inadvertently prevent, confuse, delay or create costly hurdles restricting effective and desirable economic development.**

- Policy 7D-1: Work with state and federal agencies to coordinate and streamline environmental review.

- Policy 7D-2: In implementing this plan, do in-depth environmental analysis for comprehensive plans and subarea plans to limit the need for future analysis by the private sector to a few issues that are unique to a specific project and cannot be reasonably analyzed at a subarea level.
- Policy 7D-3: Seek grants to develop government-sponsored environmental impact statements for specific industrial sites.
- Policy 7D-4: Integrate and simplify regulations to make them more understandable and user-friendly.
- Policy 7D-5: Utilize graphic illustrations to explain choices which cannot be clearly conveyed in a few words.
- Policy 7D-6: Utilize private sector professional review, where appropriate, to streamline the permitting process and provide a choice of reviewing options for applicants including engineers who could provide pre-approved engineered drawings.
- Policy 7D-7: Streamline and coordinate the permit process and sustain a supportive customer service approach towards permitting.
- Policy 7D-8: Develop a computerized system, similar to the public library system, and an Internet web site so computer owners can receive information on the status of projects, latest drafts of documents, and access to general resources via the Internet.
- Policy 7D-9: Create options for greater flexibility in the regulatory and development review process.
- Policy 7D-10: Review and incorporate into local planning processes the goals and policies summarized from countywide planning documents in the CEDS appendix document: *Key Policies Related to Local Economic Development*.

### **Proximity To Canada**

The impact of the British Columbia population on the local Whatcom County economy is considered both an asset and a liability, depending on the particular type of impact being considered. The large Canadian consumer population has created an inordinately large retail sector in Whatcom County. In 1994, estimates indicated that over 25% of all county employment was related to Canadian consumer activity, and 30% to 40% of all county retail activity depended on the Canadian shopper. Over time, the impact of Canadian consumer activity has fluctuated greatly, primarily in relationship to the value of the Canadian dollar and more recently due to increased security issues. Between 1995 and 2001, taxable retail sales declined 2%, 10% and 27% in Everson, Blaine and Sumas, respectively, according to Washington Dept of Revenue.

Retail jobs tend to be low-wage, frequently part-time and without benefits. Even though these jobs can prove to be a valuable asset to a community by providing supplemental family income, part-time work availability, and entry-level positions, when this is factored with the rising cost of living in Whatcom County, it becomes apparent that many local retail jobs do not pay a living wage. This fact has important ramifications for funding public sector services, provision of affordable housing, meeting rising medical costs, and supply of other basic services.

A more positive aspect of the proximity to Canada is the opportunity to provide for Canadian companies who want to expand or relocate in the United States to broaden their market or enjoy other economic advantages.

**GOAL 7E: Enhance the economic trade, tourism and industrial siting advantages of the county's location adjacent to the Canadian border.**

Policy 7E-1: Support attractions for Canadians and other visitors so they will remain in the community longer and distribute their spending throughout the community. Some of the examples would include support for such items as the following:

- events such as the "Ski to Sea" race and festival
- the Whatcom Museum of History and Art, Mount Baker Theater, other historic and cultural centers, and community revitalization efforts
- parks and open spaces
- the Bellingham Festival of Music
- the Mount Baker outdoor recreation area
- farmers markets and other natural resource based activities
- projects, events and activities of unincorporated areas such as Point Roberts, Birch Bay and East County.

Policy 7E-2: Work cooperatively with jurisdictions in the Lower Mainland of British Columbia along with US and Canadian national governments to facilitate the development of economic, transportation, and environmental initiatives.

Policy 7E-3: Use Western Washington University as a regional resource and major draw for Canadians and others who participate in symposiums and other regional events.

Policy 7E-4: Continue to provide assistance and the opportunity for Canadian companies to relocate or set up a second plant in Whatcom County, while at the same time encouraging our companies to explore and develop markets in Canada.

**Business Retention and Expansion**

It is also important to encourage locally owned and operated businesses to re-invest profits and wages in the local community. A local company with national or international interests, or a national firm with major local investment can provide substantial support to local causes and educational and cultural activities and the tax base. Local businesses use local banks and other support services which help keep dollars cycling through the local economy.

In the "Evaluation for Industry Recruitment in Whatcom County and Cherry Point" study conducted for the Port of Bellingham and PUD #1 in 2000, it was shown that the best

industrial sectors for targeting success include small (20-50 employees) to medium-sized (50-250 employees) firms. Target locations include firms in the Seattle and BC market, as well as industries already present in the county that are ready for expansion and retention.

**GOAL 7F: Encourage development that creates local re-investment funds and provides jobs in the local community.**

Policy 7F-1: Support existing local businesses as the major contributors of job creation and regeneration and afford them every opportunity to continue their success in the community.

- Policy 7F-2: Encourage investments whose products and services can be marketed beyond the borders of Whatcom County, both domestically and internationally.
- Policy 7F-3: Encourage firms to contribute financially as a partner with the public sector in sharing the costs for civic and cultural needs of the community at large.
- Policy 7F-4: Enhance opportunities for increased resource based (agricultural, forest, fisheries and mining products) value added industries.
- Policy 7F-5: Encourage utilization of existing and future resources available through local agencies, entities and organizations such as the "Evaluation for Industry Recruitment in Whatcom County and Cherry Point" and industry sector analyses being completed by Western Washington University Center for Economic and Business Research.

### **Economic Growth and Environmental Quality**

Often economic development and environmental protection are seen as opposites. Because growth can increase pressure on sensitive areas and resource lands there can be some truth to this. However, both economic vitality and environmental quality are interrelated and are extremely important to the community. Economic development requires adequate water supply as a fundamental need. The fishing and shellfishing industries are particularly dependent on water, good water quality, and habitat. The tourist industry needs these same attributes. *Washington CEO*, dated November 1993, printed a survey, which ranked quality of life and environment first and third, respectively, as reasons for business to be attracted to the State of Washington. Conversely a strong economy that provides well-paying jobs allows the leisure time and the resources to focus on environmental protection.

### **GOAL 7G: Coordinate economic development with environmental, resource, and other comprehensive land use and open space policies and measures to enhance the community's overall quality of life.**

- Policy 7G-1: Recognize the natural environment as a major asset and manage environmental resources accordingly.
- Policy 7G-2: Review the environmental protection plan for Whatcom County to coordinate with and incorporate economic development objectives.
- Policy 7G-3: Provide support to Whatcom County's tourist industry to maintain and enhance a balance between the economic benefits of tourism and the local quality of life.
- Policy 7G-4: Encourage a "sustainable materials economy" by:
  - Supporting recycling and the processing of used and waste resources into economically viable products
  - Supporting state-of-the-art technology and conservation techniques to minimize demands on resources such as water, energy, and other natural and developed resources
- Policy 7G-5: Coordinate environmental and economic planning efforts.
- Policy 7G-6: Address environmental issues on a county-wide basis so that areas like the Cherry Point Industrial area or public access areas such as marinas or the airport can expand as necessary using mitigation banking or other appropriate mitigation measures.

## Natural Resource Based Industries

While accounting for less than 5% of the total county employment, resource based industries are still major components of the economy. In 1997, the total value of farm products produced and sold in the county was \$241.6 million, ranking 5<sup>th</sup> among counties in the state. Some resource jobs tend to be high paying and it is the resource industries that give Whatcom County its distinctive flavor.

The reduction in jobs in the resource industries not only lowers the average wages, it also disproportionately eliminates jobs from different segments of society. For example, dwindling fisheries have impacted those who, historically, have relied on fishing for a livelihood. According to the Washington State Department of Employment Security, commercial fishing has declined to 71 reported local jobs in 2000, down from a 1990-1994 average of 208 local jobs per year. Likewise, the local shellfish industry has suffered significant losses. The Dungeness crab fleet has been affected by increased competition, imposition of quotas and shorter harvest seasons. Also, due to deteriorating water quality, The State of Washington Department of Health has prohibited commercial shellfish harvest within Drayton Harbor (Blaine) and Portage Bay (off the Lummi Peninsula). In response, the County created Shellfish Protection Districts for these waterbodies and local advisory committees are actively working on strategies and actions to reduce pollution sources.

Forest-industry job losses also severely impact families living in the eastern part of the county. In addition, consolidation of farmsteads and land use is occurring more rapidly in Whatcom County than in other parts of the state. In Whatcom County, the number of farms declined by 11% between 1992 and 1997, while the state declined by only 6%. Also, the acreage devoted to farming has been steadily declining. Between 1992 and 1997, the county acreage fell 12%. During the same period, the state declined by only 3%.

New technology and improved practices are continually being evaluated. With the decrease in farmland and increase in farm productivity, more manure waste is being generated in decreasing areas of agricultural land. Thus, efforts to use waste for biogas (energy production) is under study.

**GOAL 7H: To promote economic diversity, continue to support the resource industries as significant elements of the local economy including the employment base.**

Policy 7H-1: Ensure that sufficient agricultural land, support services, and skills are available to encourage a healthy and diversified agricultural economy.

Policy 7H-2: Work with other agencies and groups to improve the condition of the fishery resource, including habitat maintenance and enhancement, especially for habitats utilized by threatened and endangered fish species.

Policy 7H-3: Maintain the commercial forestland base of Whatcom County to assure the industry's continued economic viability and sustainable harvest.

Policy 7H-4: As part of a broad-based economy, foster productive timber, agriculture and fisheries industries in a sustainable manner.

Policy 7H-5: Support mining, which is compatible with other land use and environmental policies, including surface mining of sand, gravel, and rock and subsurface mining of other minerals found in Whatcom County such as gold and silver.

Policy 7H-6: Promote the expansion of "value added" production of secondary products and resources to support the primary resource industries and maintain wealth and jobs in the local community.

Policy 7H-7: Encourage growth of tourism and recreational activities and businesses that provide for diversity of the natural resource industry, provided that they comply with the countywide planning policies, and preserve the rural character of the area.

### **Unemployment and Underemployment**

Over the past five years (1996-2001), unemployment has tended to run nearly a percentage point higher in Whatcom County (5.8%) than in the state as a whole (5.2). Unemployment tends to affect minorities harder; thus, lessening the opportunity for cultural diversity. However, this relationship has reversed during 2002 with the 10-month average unemployment rates of some more rural counties of the state, it has averaged the highest of three similar Westside counties of Thurston (Olympia), Kitsap (Bremerton), and Pierce (Tacoma) since 1990. Adjacent and more rural Skagit County has consistently held a higher unemployment rate since 1990 than Whatcom County.

Underemployment reflects underutilization of the productive capacity of the employed population. Measurable statistics are not available to monitor this issue but should be considered as the employment base of Whatcom County shifts from being a resource based economy to one of services-producing employment. Cottage industry and home-based businesses, also minimally measured, have an impact on the employment base. Graduates from Western Washington University, area high schools and the community and technical colleges desiring to remain in the area are another sector of the population that is underutilized.

**GOAL 7J: In an economic strategy for Whatcom County, address unemployment and underemployment as important issues and continue the effort to increase family wage jobs.**

Policy 7J-1: Support creation of job opportunities for local residents, especially family wage jobs to decrease unemployment and underemployment.

Policy 7J-2: Support economic development that recognizes and respects the needs, concerns, rights, and resources of a diversity of cultural groups, and allow them every opportunity to participate and benefit in this process in full partnership with the community at large.

Policy 7J-3: Through grants and other opportunities focus on absorbing and retraining displaced workers from declining industries.

### **Geographic Diversity**

A final issue with the local economy is the location of the majority of jobs in the western-most portion of the lowlands area of Whatcom County. This is where the majority of the population lives and works, and the infrastructure is available, and where most of the jobs should continue to be located. But as the commercial forestry, farming and fishing job base declines and people disperse more throughout the county, commuting distances increase, creating greater impacts on the road system. Also, there is additional need for more discretionary income for travel costs.

These and other area-specific issues have spurred the creation of three economic development regions in the unincorporated areas of Whatcom County: Point Roberts, Birch Bay and East County. Each has successfully developed an area Economic Development Plan and has either completed or is in the process of completing a Sub-Area plan with the Planning Department. The ongoing work of these groups is crucial to addressing the most urgent and long-range planning needs in the most rural areas of Whatcom County such as loss of family-wage jobs and tax-base revenues, and the increase demand for services by a growing residential population.

**GOAL 7K: Enable a geographic balance for economic growth within the capacities of the county's natural resources, natural systems, public services, and public facilities.**

- Policy 7K-1: Support small and cottage businesses in rural areas that minimally impact productive agricultural, forest, or mineral resource land.
- Policy 7K-2: Designate adequate zoning to allow business and industrial development where it is needed and most appropriate, including the Interstate-5 corridor.
- Policy 7K-3: Locate commercial or industrial development along Guide Meridian at key intersections in a manner that does not disrupt the Guide's regional transportation function.
- Policy 7K-4: Consider establishing more resource and tourism based recreational, commercial, and industrial uses to create economic opportunity in the rural areas of the county.
- Policy 7K-5: Support the implementation of land use concepts as defined in Chapter Two seeking grants to provide technical support and complete necessary programmatic environmental analysis to facilitate reduced time frames and duplication in the SEPA process.
- Policy 7K-6: Support long-term employment efforts in the unincorporated areas of the county, such as those stated in the Point Roberts, Birch Bay and east County Economic Development Plans and Sub-Area Plans.
- Policy 7K-7: Support efforts and/or organizations trying to achieve agricultural diversity such as:
- niche markets for local products
  - technical assistance or educational programs
  - farmers' markets
  - value-added or innovative ag products or services
  - other product outlets
  - community education and information dissemination
- Policy 7K-8: Support agriculture, agricultural processing and manufacturing as a high priority in future allocations of water rights.

## **ECONOMICS - ACTION PLAN**

### **Coordination**

1. In addition to present efforts at various levels to coordinate programs, work with The Partnership for a Sustainable Economy, the Bellingham/Whatcom Economic Development Council, are Chambers of Commerce, Bellingham/Whatcom Convention and Visitors Bureau and other agencies on a more formal basis than in the past in order to ensure a coordinated economic development program in Whatcom County.
2. Work with the Partnership for a Sustainable Economy and all other participating entities and jurisdictions to implement the *Comprehensive Economic Development Strategy* as designated.

3. Utilize the information and data contained in the CEDS document and accompanying appendices along with the Goals, Strategies and Action Steps as a guide to all planning and development efforts.

### **Economic Development Strategy**

4. Through the Partnership for a Sustainable Economy, Bellingham/Whatcom EDC or other designated entity, ensure that the CEDS is updated every two years or as necessary to qualify for federal programs.
5. In addition, and working with the Partnership for a Sustainable Economy, Bellingham/Whatcom EDC or other designated entities, ensure the development of a strategic plan for economic development utilizing the benchmarking approach to measure specific objectives. The strategic plan should specifically address the following:
  - Develop benchmarks to measure success of economic development in the county.
    - Increase of the median household income of the county
    - Reduction of the county unemployment rate
    - Improve turn-around time on development permit processing
    - Increase the percentage of "owner occupied" dwellings in the county
    - Increased worker access to affordable housing
    - Increase citizen satisfaction of county government-including permit processing
    - Increased access to healthcare
    - Assess the degree to which the following commitments stated in the *CEDS* are implemented:
  - The Comprehensive Economic Development Strategies overarching goals (below) and their accompanying strategies:
    - Goal A: Finance and maintain appropriate infrastructure for community and economic development.
    - Goal B: Ensure sustainable development and uses of natural resources.
    - Goal C: Promote a diverse economy by sector and location.
    - Goal D: Foster collaborative working relationships among economic development stakeholders at the community, state, federal, international and tribal levels.
    - Goal E: Provide and retain a high quality workforce.
    - Goal F: Increase public understanding and involvement in economic issues.
  - Consider any additional recommendations which may surface as a result of the goals and policies adopted by Partnership for a Sustainable Economy, EDC, Chambers of Commerce, Convention and Visitors Bureau, and local governments, and economic development committees, such as cities, towns, and Port Authorities.
  - Strategies which acknowledge and address environmental issues including trade off, areas where environmental and economic issues have positive linkages and creative solutions to the environmental contracts for specific development areas.
  - Strategies which take advantage of our proximity to Canada (see policies under Goal 7E).

- Strategies which address the needs of local businesses (see policies under Goal 7F).
  - Strategies which address our local resource industries (see policies under Goal 7H).
  - Strategies which address employment issues for all of Whatcom County's citizens (see policies under Goal 7J).
  - Strategies that support sustainable economic development demonstration projects.
  - A mechanism for review of benchmarks and update the plan components.
6. Working through the Convention and Visitors Bureau and with the other governmental entities in Whatcom County, draft a program for expenditure of hotel/motel tax, which maximizes the draw for visitors to Whatcom County.

### Specific County Tasks

#### Infrastructure

7. Provide adequate levels of cost effective service to support business development and retention in all areas of the county when adopting and updating capital facilities plans.
8. Working with the special districts, citizens in proposed Small Towns and others, develop a strategy for providing sewer service to suitable industrial areas in situations that will comply with GMA.
9. Work with the Port, PUD, COG, cities and other entities in planning and developing a countywide fiber optic system.

#### Regulations/Processing

10. Using goals and strategies contained within the *Key Policies Related to Local Economic Development*, review and re-draft the land use codes.
  - integrate and simplify regulations
  - remove barriers to recycle product manufacturing in Title 20
11. Continue to improve the permit and development review process so that greater communication and efficiency will result to better expedite the application process and provide better communication when information is needed.
12. Develop various permitting process tracks such as:
  - rapid processing for developments that conform to a prescribed set of regulations
  - more flexibility for more creative proposals where more information can be provided
13. Continue to improve customer service, train and/or cross train permitting staff to provide excellent and expeditious customer service.
14. Based on the result of the Industrial Land Availability, Conditions and Marketing Project currently being completed through the Port, continue to update the Comprehensive Plan of the County and other jurisdictions in the County to identify additional industrial land that may

be needed including the areas identified in the proposed urban growth areas by each of the cities for longer planning time frames beyond 20 years and up to 50 years in order to prevent premature division of land that would preclude large parcels needed for future industrial sites.

15. In accordance with the CEDS recommendations and other recommendations review the permit process to achieve a streamlined, user friendly approach that can turn around permits faster without losing the original objective of the review.

#### **Water Issues**

16. Work with the Public Utility District No. 1 and others to implement the *Coordinated Water System Plan* including adopting a satellite system management program.
17. Actively pursue resolution of water rights issues by maintaining a major role in working with user groups, interest groups and other jurisdictions on the Nooksack River issues and other related water questions.
18. Continue to work with the WRIA #1 process and implement recommendations resulting from the collaborative watershed management project currently being completed.